EUROPE'S BUSINESS NEWSPAPER

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Φ D 8523A

EASTERN EUROPE
Limited capacity to absorb investment
Page 3

World News

Iraq ordered 'gun aiming device' from UK company

New evidence emerged to support claims by UK Customs and Excise officials that British companies had made parts of a huge gun for Iraq.

Walter Somers, a company in the West Midlands of England, was reported to have received an order this month for a component which might have been a gun aiming device. Page 22

US hints at freeze

US President George Bush is considering a freeze on US-Soviet talks about a bilateral trade and economic pact if Moscow carries out its threat to cut natural gas and oil supplies to Lithuania. Page 22

Unesco shunned

The White House decided that the US wwould not rejoin Unesco, the United Nations cultural organisation, because it wasted money and was poorly managed. Page 22

Ortega hints at delay

Nicaraguan President Daniel Ortega increased Sandinista pressure on President-elect Violeta Chamorro to force the unconditional and immediate disarming of the Contra rebels, hinting that he was considering postponing the April 25 handover. Page 6

Nepal PM sworn in

Mr Krishna Prasad Bhattarai of the Nepali Congress is to be sworn in as Nepal's new Prime Minister at the head of an 11-member coalition Government, the first to be formed on a party basis for 30 years. He said elections would be held within a year. Page 4

150 die in India

At least 150 people died of food poisoning in Basti, Uttar Pradesh, in northern India after a community feast at an engagement ceremony, Press Trust of India said.

No SA majority rule

President F.W. de Klerk of South Africa ruled out black majority rule as a future constitutional model for the country, saying that this would lead to oppression of minorities. Page 4

Bulgarian deaths

Bulgaria admitted that torture and beatings caused the deaths of 147 people at the Lovech and Skravena concentration camps between 1959 and 1962.

Moscow protest

About 10,000 people demonstrated in defence of corruption investigators Telman Gdlyan and Nikolai Ivanov outside the Kremlin while the Soviet parliament debated whether they broke regulations in their pursuit of top-level offenders. Page 2

N-weapon sanctions

Iraq, Pakistan, India, Argentina and Brazil have been able to circumvent international regulations to build or expand nuclear weapons capabilities, the private Carnegie Endowment for International Peace said in Washington. Page 4

Tunisia EC aid

Tunisia is to receive nearly $500,000 in aid for family planning clinics and be given access to a computer network that promotes joint ventures under accords signed with the European Community.

Murderers executed

South Korea executed nine murderers, most of them also convicted of repeated rape and armed robbery, the Justice Ministry said.

China exiles fear

Exiled Chinese dissidents expressed fears Peking might use military force against "The Goddess of Democracy," a radio ship soon to start beaming pro-democracy broadcasts to China from international waters, after China had sent military aircraft to the area.

Business Summary

Del Monte sells tinned fruit division for $375m

Del Monte, US processed fruit and vegetables group which was bought out from RJR Nabisco in January, sold its European juice and tinned fruit business for $375m to investors led by affiliates of Britain's Charterhouse Bank.

The deal continues the global shake-up in the ownership of food groups in the wake of Kohlberg Kravis Roberts' record $25bn leveraged takeover of RJR at the beginning of 1989. Page 23

VOLVO'S co-operation agreement with the French state-owned motor group Renault looks likely to win the strong approval of the April 25 annual shareholders meeting in Gothenburg. Page 24

MARKETS: Japan's broadly defined money supply jumped 11.6 per cent in March, stirring fresh fears about inflation and contributing to further unease on the Tokyo stock market. Page 4

CITICORP, biggest banking group in the US, announced a 56 per cent drop in first-quarter net income. Page 23

HONDA and Rover Group announced they had finalised terms for a cross-shareholding valuing the Rover Group's manufacturing and sales operations at £520m ($853m). Page 23

UNITED Telecommunications of the US, is to exercise an option to buy GTE's limited partnership interest in in long distance carrier US Sprint for about $500m. Page 26

EAST EUROPEAN countries cannot absorb investments of the size that the west is preparing, according to the secretariat of the United Nations Economic Commission for Europe. Page 3

SWEDEN abolished turnover taxes on bond and stock market transactions in a move to boost the country's growing derivatives markets. Page 28

DAILY MAIL and General Trust, UK newspaper group, has launched an £8.9m ($13.12m) recommended cash offer for Hobsons Publishing, the Cambridge-based group. Page 31

SOVIET UNION and eastern Europe's short-term economic outlook is bleak, says the UN Economic Commission for Europe report. Page 3

AHLSTROM Pyropower of San Diego, is to reduce its presence in Britain where its advanced combustion technology will in future be marketed by Babcock Energy, part of Babcock International. Page 10

CARLA HILLS, US Trade Representative, said she support the creation of a new world trade organisation, on condition that "solid agreement" be reached in the current round of international trade talks. Page 5

SHELL, Anglo-Dutch oil group, purchased four very large crude carriers from the estate of the late Christina Onassis. Page 22

TELEPHONE charges: International and long distance calls in the UK are subsidising local calls to the tune of well over £1bn ($1.64bn) a year, British Telecom said. Page 22

US growth and inflation figures were far ahead of market expectations with prices rising by 0.5 per cent in the month despite falling energy prices, and industrial output rising 0.7 per cent. Page 6

BRITAIN will not subsidise the proposed high-speed rail line from London to the Channel tunnel, transport minister Michael Portillo said. Eurotunnel scene, Page 10

TURKEY'S 10,500 cement workers settled for a large wage increase that could set an inflationary benchmark for other pay talks this year. Page 3

US seeks to freeze bank accounts used for drugs profits

By Nancy Dunne in Washington

THE US Justice Department yesterday attempted to freeze bank accounts in 23 states in pursuit of up to $400m in illegal Colombian drug profits.

It asked federal judges in Atlanta, New York and Miami to direct 173 banks to produce records of more than 750 bank accounts.

The department sought to freeze some 684 accounts that investigators have linked to Mr Eduardo Martinez Romero – who was extradited from Colombia last year on charges of laundering money for the Medellin drug cartel.

Mr Nicholas Brady, US Treasury Secretary, called the action "one of the most significant law enforcement undertakings involving bank account seizures in US history."

The seizures have been described as "Phase IV of Operation Polar Cap," which is a long-running US investigation into a money-laundering ring.

The ring is believed to have shipped $1.2bn into and out of the US in 1987 and 1988 on behalf of the Medellin cartel.

Mr Dick Thornburgh, Attorney-General, said the US Government hoped to disrupt the flow of drug profits and thus "strangle" the cartel's operations.

The banks involved include: Citibank International, Bank of New York, Bankers Trust, Chase Manhattan, Chemical Bank, Irving Trust, Manufacturers Hanover Trust, Marine Midland, Morgan Guaranty Trust and Barclays International.

Investigators have traced profits from cocaine and crack sales in the US to American banks and from them on to foreign bank accounts controlled by the cartel.

They believe "a substantial portion of those funds" were returned from abroad to US bank accounts for "ongoing business expenses," such as the purchase of aircraft and payments to cartel employees.

The US Government is empowered to seize the cartel's assets – everything from real estate to machinery – once they have been identified.

The investigation has been aided by co-operation from the governments of Colombia, Uruguay, Luxembourg, Switzerland, Britain, Canada and Austria.

They turned over records of accounts believed to be under the cartel's control.

Operation Polar Cap was helped by the US invasion of Panama and the overthrow of General Manuel Noriega, the country's former military strongman.

After his downfall, US federal agents travelled to Panama and obtained records of bank accounts identified as having been used by cartel money launders.

On examination of these and other foreign accounts, investigators found that almost $350m had been wire-transferred back to US banks from foreign accounts, primarily to New York and Florida. It is believed that another $50m never left the US.

Mr David Runkel, the Justice Department spokesman, said the banks were believed to be "unwitting service providers."

The investigation is to continue, and the department has not ruled out future legal action against the banks.

Deutsche Bank unveils venture with E Germans

By Katharine Campbell in Frankfurt

DEUTSCHE BANK, West Germany's largest financial institution, yesterday signed a letter of intent to set up a joint venture universal bank with the East German Deutsche Kreditbank, the former state banking monopoly.

The deal, after weeks of speculation about Deutsche Bank's intentions, immediately raised questions from the Federal Cartel Office in West Berlin, although the bank claimed that the joint venture would not have a market monopoly position.

The cartel office said the deal could fall foul of competition rules, depending not only on how many branches were included, but also on their location. The authorities could, for example, look unfavourably on a regional concentration by the bank.

East Germany has just set up its own monopoly watchdog and its competition law, modelled closely on the West German code and coming into force in May, will also work retrospectively.

The joint venture – which like all other east-west deals is conditional on a series of legal changes to be introduced by the new East German Government – involves Deutsche Bank acquiring about 100 of the 170 branches of Kreditbank.

The Kreditbank network is highly attractive to western institutions wishing quickly to obtain a commanding place in the new East German market.

But its balance sheet looks less desirable, with some 260bn East German Marks of old state industrial credits.

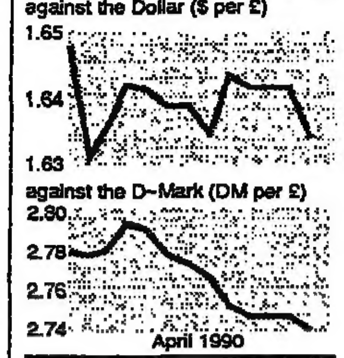
Deutsche Bank will circumvent this problem by setting up a separate entity, into which Kreditbank will channel real estate assets and knowhow, but none of the old loans.

What happens to the rest of the East German bank is unclear. Exact terms of the venture have yet to be finalised, as has the delicate question of the operation's name.

Some 51 per cent of the total capital – as yet unspecified until the assets can be valued – will be contributed by Kreditbank, but Deutsche Bank will have management control.

The new operation could open for business before currency union, as soon as the necessary banking licences are distributed by the East German Government. However, rather than using East Marks, transactions will immediately be denominated in D-Marks.

Sterling



US markets hit by inflationary fears

By Rachel Johnson in London, Anthony Harris in Washington and Janet Bush in New York

INFLATIONARY fears resurfaced after the Easter break to take a heavy toll on the financial markets yesterday.

Figures on US economic growth and inflation indicated that they were much higher than had previously been supposed.

The latest news worsened the already-sour mood in the bond markets following the poor UK inflation figures released last week.

The US consumer price index showed inflation running at an annual rate of 8.5 per cent, its highest level since 1981. A significant increase in the capacity utilisation rate, which is also regarded as inflationary, helped send Treasury bonds into a tailspin.

At midsession, the Treasury's benchmark long bond was quoted more than a full percentage point lower, boosting its yield to 8.74 per cent – its highest level since mid-May last year.

In response to the extremely nervous conditions, the US Federal Reserve moved to calm the bond market by aggressively adding liquidity to the banking system: thus signalling that it did not want to see interest rates rising.

There was little talk of an immediate tightening in US monetary policy yesterday, but there were clearly concerns about the Fed's attitude towards interest rates given the stubborn inflationary pressures.

The Dow Jones Industrial Average of blue chip shares dropped 20 points immediately after the release of the consumer price figures, but recovered to close 2.71 points up at 2,765.77.

Continued on Page 22
Markets, Back Page, Section II

Mongolia throws light on Lin Biao's death

By Robert Thomson in Ulan Bator

MARSHAL Lin Biao, the famed Chinese Defence Minister, was not aboard a aircraft which crashed in Mongolia in 1971 as Peking has always claimed, senior Mongolian military officers have revealed.

The Chinese Government will be highly embarrassed by the surfacing of Mongolia's side of the story, as Peking has maintained that Marshal Lin was on the aircraft after an alleged assassination attempt on Chairman Mao Zedong. He was said to be heading for the Soviet Union, then China's main enemy, with whom Lin supposedly had a secret pact.

"We did not find anything to suggest that Marshal Lin was on the aircraft. We conducted an investigation and found that it was a Chinese aircraft and that the victims were Chinese, but there was no evidence that the marshal was among the victims," Major Ochir Sanduijar, Mongolia's chief of foreign relations, said.

Colonel Damsansap Nyambayar, the deputy political commissar, added: "At that time, Lin Biao was in China. A group of Chinese officials were taken to see the wreckage of the aircraft. China probably had its reasons for saying he was on the aircraft."

The alleged flight of Lin has become an important part of the Communist Party's official history, and a convenient cover for the likelihood that the marshal was killed on the orders of Mao or his aides as part of a power struggle within the Peoples Liberation Army and the party.

The party is still very sensitive about damage to Mao's standing, and, in the past year, has attempted to revive his reputation.

A resurfacing of the Lin Biao controversy, which has inspired many foreign books, scholarly and otherwise, will be particularly unwelcome during the present bout of party infighting.

Marshal Lin, who produced the Little Red Book of Maoist quotations, was annointed Mao's "close comrade-in-arms and successor" at a party congress in 1969, and his close ties to the Great Helmsman proved difficult for the party to justify in light of their later disputes.

News of an air crash, in which nine people were killed, was released by Mongolia and the Soviet Union a few days after the accident, but the elaborate tale of a failed plot, which included an attempt to blow up Mao's train, and Lin's death was not officially publicised until a year later.

The party launched a nationwide campaign to criticise "Lin Biao and Confucius," and party members were told of a scheme codenamed "571" in which Lin and his military co-conspirators were to assassinate Mao and take control of the country.

The Mongolian aircraft crash, said to have been caused by Lin's ill-prepared rush to escape, was a key piece of the scenario, as it proved Moscow's involvement.

The two Mongolian officers said that a Trident jet aircraft had crashed on their territory on September 13, 1971, and Chinese military personnel were

Continued on Page 22

Mao Zedong (left) with Marshal Lin Biao

B&C appoints administrators at Atlantic with loss of £550m

By David Owen and Terry Dodsworth in London

BRITISH & Commonwealth Holdings, the hard-pressed UK financial services group, was forced yesterday to call in the administrators at Atlantic Computers, its computer leasing subsidiary.

The group, whose fortunes have ridden a roller-coaster since the appointment of Mr John Gunn as chief executive in October 1986, also said it would write off £550m ($902m) against the whole of its investment in Atlantic and asked for trading in its shares to be suspended.

The crisis underscores the continued vulnerability of financial services companies in the current high interest-rate environment. It is also giving rise to considerable uncertainty among lessees of Atlantic – which employs 1,800 and is among the top European computer leasing businesses – as to the status of their leasing contracts.

Mr Peter Padmore and Mr John Soden of Price Waterhouse, the accountants, have been appointed joint administrators of Atlantic.

At last Thursday's close of 53p, B&C – once the UK's second-largest non-banking financial institution – was capitalised at less than £200m. The shares peaked at 565p in the summer of 1987.

As part of what is being billed as a recovery package, B&C intends to realise £750m from its remaining businesses by mid-1991. B&C has won support for its plans from its major lenders to keep credit lines open.

The company's merchant banking operations are among the units to be sold. Sir Peter Thompson, recently appointed chairman, yesterday said that the group's debt was currently about £1bn, including £737m of long-term bonds. City estimates suggest that its shareholders' funds after the Atlantic writedown will amount to about £550m.

Sir Peter traced Atlantic's problems to "imprudent and optimistic" accounting, concerning where and how the company accounted for profits written into its leases. "When a lease was written, the value of that lease in profit terms was taken as front-end profit," rather than as it arose.

He also pointed to the inadequacy of reserves made by Atlantic against residual liabilities if a computer lease ended early.

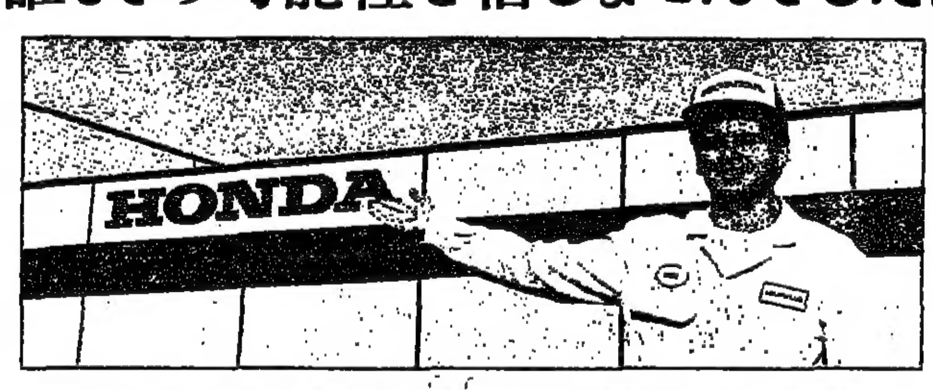
The company said it was now clear that the accounts of Atlantic for 1988 included "material errors." An investigation conducted by KPMG Peat Marwick McLintock, Atlantic's new auditors, had indicated that profits and net assets previously reported at the computer company were "materially overstated."

B&C now believes that Atlantic incurred "a substantial loss" in the year to December 31 1989.

In the six months to June 30 it recorded operating profits of £6.7m out of a total of £60.3m for the group as a whole. Exco, B&C's moneybroking division, accounted for £23.6m, while the company's banking activities contributed a further £5.3m.

Exercise in damage limitation, Page 20; Lex, Page 22; London Stocks, Page 37

私たちがスウィンドンに来るまでは、
誰もその可能性を信じませんでした。



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CONTENTS

Uruguay Round: Stocktaking begins as talks run aground 5
Management: Corporate attitudes still ruled by tradition in France 11
Survey: International direct marketing 15-17
B&C: An exercise in damage limitation 20
Editorial comment: The Mandela strategy: The right school curriculum 20
Soviet Union: The price reform debate 21
Lex: B&C; Vickers; currencies 22

Europe	2,3	Britain	8,10	Editorial Comment	20	Observer	20
Companies	25	Companies	29-34	Financial Futures	44	Stock Markets	37-48
America	6	Arts Guide + Reviews	19	Gold	36	-London	37
Companies	24	Commercial Law	35	Intl. Capital Markets	27,28	Technology	18
Overseas	4	Commodities	36	Letters	21	Unit Trusts	40-43
Companies	25	Crossword	44	Lex	22	World Index	48
World Trade	5	Currencies & money	44	Management	11		

Reforms in eastern Europe fuel pressure for change in Japan

Mr Toshiki Kaifu (left), the Japanese Prime Minister, is tempted to make the issue of electoral reform his own, appealing to the people over the heads of his political bosses. However, he will probably not have time. Page 4

MARKETS

STERLING
New York close
$1.6375 (1.6305)
London:
$1.6345 (1.642)
DM2.74 (2.7475)
FFr9.215 (9.2325)
SFr2.435 (same)
Y261.25 (260.0)
£ index 88.7 (87.0)

GOLD
New York: Comex Jun
$378.8 (378.9)
London:
$374.0 (375.25)

N SEA OIL (Argus)
Brent 15-day May
$16.75 (16.975)

Chief price changes yesterday: Page 23

DOLLAR
New York close
DM1.6768 (1.6783)
FFr5.637 (5.6380)
SFr1.4897 (1.4895)
Y159.72 (159.325)
London:
DM1.677 (1.673)
FFr5.6375 (5.6225)
SFr1.48 (1.483)
Y159.9 (158.2)
$ index 68.7 (68.2)
Tokyo close: Y159.83

US closing rates
Fed Funds $8\frac{3}{8}$%
3-mo Treasury Bills: yield: 8.025%
Long Bond: $97\frac{11}{32}$
yield: 8.744%

STOCK INDICES
FT-SE 100:
2,214.5 (-7.6)
FT Ordinary:
1,736.3 (-4.7)
FT-A All-Share:
1,098.14 (-0.3%)
New York lunchtime:
DJ Ind. Av.
2,757.43 (-5.63)
S&P Comp
343.87 (-0.47)
Tokyo: Nikkei
28,461.60 (-1.58)

LONDON MONEY
3-month Interbank:
closing $15\frac{7}{16}$ (same)
Liffe long gilt future:
Dec $79\frac{11}{16}$ $(80\frac{13}{32})$

EUROPEAN NEWS

Thousands take to streets in support of investigators silenced by authorities

Moscow protests over corruption probe

By John Lloyd in Moscow

THE SOVIET parliament yesterday postponed a decision on lifting immunity from prosecution for two lawyers who were silenced after uncovering what they alleged was high-level corruption.

Thousands of demonstrators took to the streets outside the Kremlin for the second time in a week in protest at their treatment and thousands more sprang to their defence in Leningrad.

The two men, Mr Telman Gdlyan and Mr Nikolai Ivanov, who are deputies in the Supreme Soviet, or standing parliament, have become folk heroes. In the capital up to 10,000 people listened to a series of vividly anti-authority speeches from radical deputies from the Supreme Soviet and the newly-elected Moscow City Soviet. A few Lithuanian flags were raised, and there were calls for President Mikhail Gorbachev to resign.

After an impassioned debate in the Supreme Soviet, deputies delayed a decision until today on lifting the two men's immunity but voted to permit them to be stripped of their prosecutors' jobs and to appoint a special investigator to review their case.

The two lawyers claim to have uncovered a network of corruption reaching to the top of the Soviet political system by unravelling allegations initially relating to the Tadzhikistan Government and Communist Party.

They overstepped the line when they accused Mr Yegor Ligachev, the most orthodox politburo member, of bribery. They were stripped of Communist party membership and suspended from duty pending a Supreme Soviet investigation.

The commission appointed to look into the matter seems to have decided that they have a case to answer on allegations that they extracted confessions unlawfully. The USSR Prosecutor has sought to begin criminal proceedings but has been hampered by the men's parliamentary immunity.

Mr Vladimir Kryuchkov, KGB chairman and politburo member, took the floor to tell the deputies that the two investigators had violated legality in the conduct of the case, and described their efforts as "a typical example of penal and political adventurism".

An interview with a number of dissenting members of the commission, in the popular weekly Argumenty i Fakty, gave space to the pro-Gdlyan/Ivanov camp. Mr N I Ignatovich said that he did not believe in turning the two lawyers over to the Prosecutor because he believed his office, and the courts, were biased. "To punish two simple investigators for all the wrongs of the legal system is wrong," he said.

● A plenary meeting of the executive council of the Soviet Trade Union organisation replaced its long-serving chairman, Mr Stepan Shalayev, with his deputy, 52-year-old Gennady Yanaev.

Mr Yanaev, who has had an exemplary career in youth movements and friendship societies, has held senior posts in the trade unions for only four years.

The Soviet unions, which organise 140m workers, are attempting to restructure themselves following miners' and other strikes over the past year, during which the official leadership was revealed to be out of touch and unpopular with the rank-and-file.

The movement is now seeking to ready itself for market relations, and claims to have carved out an independent role for itself as a protector of workers' rights.

A demonstrator waves a picture of the two lawyers during a mass rally opposite the Kremlin

The Young Communist League, which organises 30m young people in the Soviet Union, has criticised a letter sent to all Communists by the Soviet central committee as an attempt to stifle debate within the Party.

The letter threatened expulsion for radical members, who want to see the country move more rapidly and completely towards market reforms. Already, some leading radicals on the right of the Party claim to have been expelled by their party branches.

Commission will try to recruit more UK subjects

By Tim Dickson in Brussels

NEW MEASURES to reverse the low recruitment of British nationals into the European Commission – including the development of a new "Euro stream" in London's civil service - were announced yesterday.

The moves were confirmed after a meeting in London between Mr Antonio Cardoso e Cunha, the Commissioner responsible for personnel, and Mr Francis Maude, a junior minister at the Foreign Office.

Among measures agreed by Mr Cardoso e Cunha, the Commission is to introduce regular recruitment competitions for "generalists". It is felt that existing Commission preferences for law and economics graduates have worked against UK applicants.

Mr Maude, meanwhile, announced that Britain would be developing a "European" stream within Administrative-grade recruitment to the civil service "to increase the number of good quality officials fitted for work in the EC institutions". These individuals, would be specially groomed for EC work.

In addition, Britain will increase the number of secondments to the Commission and a three-person unit is to be set up in the Cabinet Office to co-ordinate the British recruitment effort and to take up individual issues with the Commission in Brussels.

Canadian air force jets crash over West Germany

By David Marsh in Bonn

TWO CANADIAN air force jets collided over Karlsruhe in southern West Germany yesterday afternoon, in an accident likely to increas popular opposition to flying practice by Nato forces in Germany.

One of the pilots, flying from the nearby Canadian air base in Söllingen, was killed, while the other was badly injured after bailing out with his ejector seat. Contrary to earlier reports that 20 civilians were wounded, rescue workers said that only one Karlsruhe citizen was injured in the wreckage.

In view of acute public sensitivity in West Germany about training by Nato forces at a time of general disarmament, yesterday's mishap is likely to fuel the controversy about the presence of foreign forces on German soil.

One senior Bonn official said yesterday that he expected a build-up of West German public pressure for withdrawal of all foreign armies. This, he said, was based on expectations that the Soviet Union eventually will want to pull out troops from East Germany after an agreed post-unification transition period.

Perennial debate in West Germany about Nato flying accidents has increased considerably since the air show catastrophe at the American Ramstein military base in August 1988, which killed 70 people.

An indication of the swing in public sentiment against the foreign military presence came at the beginning of this month with an appeal by the Christan Democrat-run state of Hesse for sharp reductions of US forces in the Frankfurt area.

Mr Walter Wallmann, the Hesse Prime Minister, said withdrawals were justified by general disarmament progress and the pressing need to free military areas in the Rhine-Main conurbation for civilian purposes.

There have even been suggestions that the massive I.G. Farben office block in north-west Frankfurt, built in the late 1920s for the pre-war chemical conglomerate and used since 1945 by the US army, should become the site of the mooted 1990s European central bank.

Yugoslavia's Serbians lift Kosovo emergency

YUGOSLAVIA'S Republic of Serbia yesterday acted to lift emergency measures in its Kosovo province, reflecting official confidence that ethnic tensions there were under control, Reuter reports from Belgrade.

The Serbian presidency proposed the move after reviewing the situation in the province, scene of violent clashes between ethnic Albanians and Serbs, Tanjug news agency said. The eight-member Yugoslav state presidency was expected to approve the proposal.

Serbia originally applied emergency measures including a night curfew and a ban on political protests in March 1989 after rioting in which 28 people were killed.

The curfew was reinstated in March this year after further ethnic violence which killed at least 30 people.Kosovo has been for decades a focus of friction between the region's 1.7m ethnic Albanians and 200,000 Serbs and Montenegrins.

Sea safety campaign

SCANDINAVIAN states announced a campaign yesterday to improve safety at sea after the fire on the Danish ferry Scandinavian Star that killed 161 people, Reuter reports.

In Copenhagen, an inquiry heard criticism of the ferry crew's action on April 7 when fire ripped through the vessel.

In Oslo, a statement by Denmark, Finland, Norway and Sweden said ships registered outside the Nordic region should demonstrate tight fire drills.

Brussels tries to break corporate tax deadlock

By Lucy Kellaway

THE European Commission will today give a fresh impetus to three directives on corporate taxation in an attempt to shift one of the most stubborn parts of its 1992 programme.

The directives, which seek to remove the fiscal problems met by companies paying tax in more than one member state, have been caught by German refusal to waive the withholding tax on dividends paid by subsidiaries to their parent companies in another member state.

The Commission will also push forward a new directive that would allow a company to offset losses made in one country against profits in another.

Despite the Commission's attempt to put pressure on the Council of Ministers, observers see little sign of West Germany changing its position on withholding tax until after the elections at the end of 1990.

Flying triangle has Belgians going round in circles

THE BELGIAN air force has been on alert for three nights running, writes Lucy Kellaway. Two Hawker Siddeley aircraft equipped with infra-red cameras and sophisticated electronic sensors have been patrolling the skies. Down below, the Belgian police force has kept a constant watch, helped by more than 1,000 concerned civilians. Along the border with Germany, 20 lookout posts have been set up. Their target: an Unidentified Flying Object.

Since December, there have been 300 reported sightings, and even though some resemble a lamp-post more closely than a UFO, many of the others are being earnestly examined by SOBEPS, the Belgian Society for Studying Spacial Phenomena.

More surprising is how seriously the army is taking the whole thing. For the time being it says it is viewing the matter as a "technical curiosity" as the intruder has shown no aggressive signs. Should it turn nasty, it will be a different matter altogether.

The Easter operation was meant to be a world first, a confrontation between earth-bound defence forces and a UFO. The world's television crews camped out on a chilly Ardennes airfield to get the first pictures.

But the event made rather poor viewing. Several times the UFO was "seen" from the ground, but each time the aircraft got there too late, in one case missing the mystery intruder by just three minutes. To make matters worse, the cloud was low, the weather changeable, and the UFO tended to hover just above the rooftops, too low to be confronted by an aircraft.

The pilots, sworn to secrecy until the Defence Ministry has had time to watch the video evidence, seemed to have little to report, and could not confirm rumours of all kinds of irregular blips on their radars.

Far from declaring the operation a failure, the UFO-obsessed Belgian media appear more convinced than ever that there is something odd hovering over the peaceful countryside of Wallonia. Scientists on the ground appear in the past few days to have produced a clear image of the object, which is said to correspond to the reports of eyewitnesses. It is a triangle 30m-50m in diameter, with red, green and white lights at the corners, 10 times brighter than any star. It has a convex underbelly and makes a sharp whistling noise.

Belgium may not quite yet have found its UFO. But it has found a nice new use for its air force now that its services are needed less and less by earthlings.

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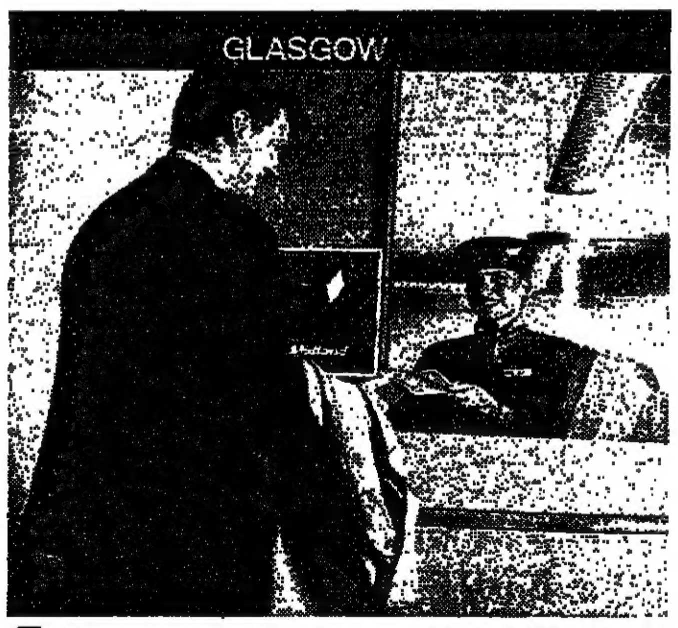

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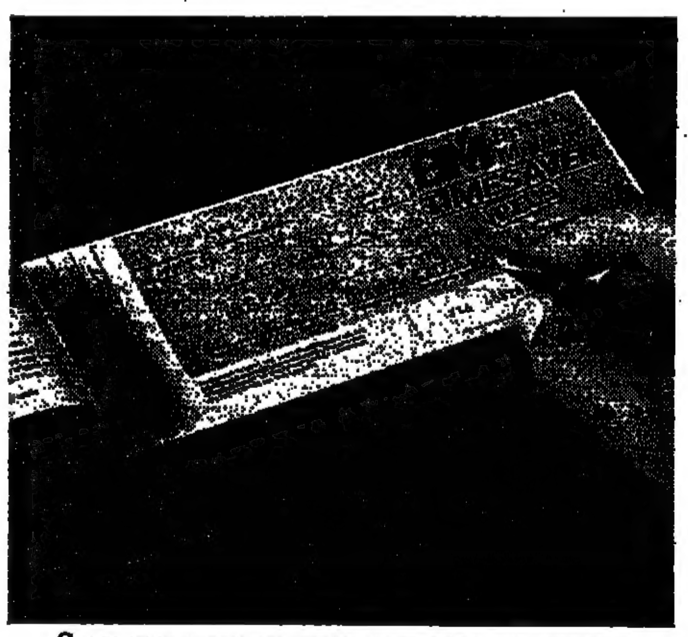

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Government tries to sell Swedes on tax changes

By Robert Taylor in Stockholm

SWEDEN'S ruling Social Democrats yesterday published details of their self-financing tax reform programme for 1991 and sought to reassure the public that most Swedes, not just the rich, would benefit.

The reforms, agreed with the opposition Liberals and due to be approved by parliament in June, will reduce the highest marginal rate to 50 per cent, tighten taxes on capital and companies and widen the range of taxable goods and services.

The changes remain very unpopular. "I'm afraid we have lost the political argument over the tax reforms," said a senior adviser at the Finance Ministry yesterday. The Government's own private opinion surveys show that the majority of Swedes believe the tax changes are unfair because they will create a more unequal income distribution.

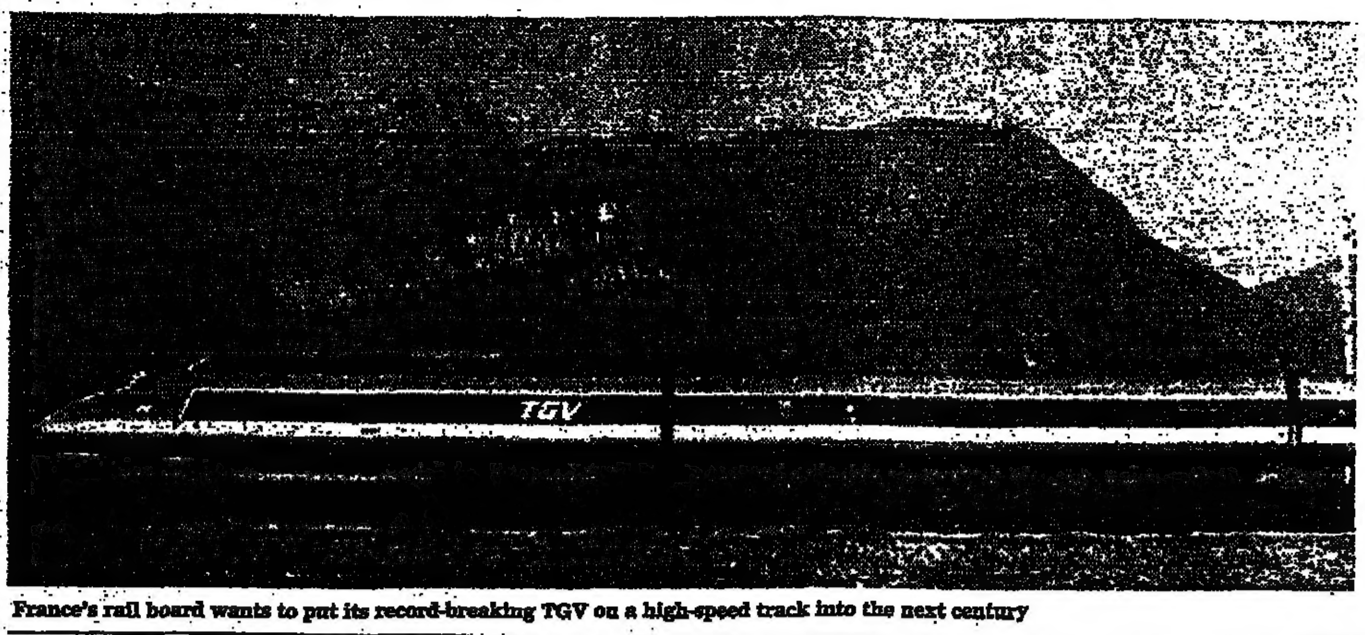
The Government denies this strongly. The Finance Ministry has calculated that the average household will enjoy a 2 per cent improvement in its real disposable income next year as a result of the changes.

Child allowances are to be increased substantially as a way of mitigating any regressive impact the tax reforms will have on income distribution. Housing subsidies will also increase by SKr1.6bn (£160m) with higher rises for families with more than one child.

Ministers estimate that as many as 85 per cent of Swedes – those who earn SKr180,000 a year or less – will pay no state tax at all after next January and only 30 per cent in local government income tax.

Furthermore, official calculations suggest that more affluent Swedes, who derive much of their income from capital, rents and shares and benefit from a wide range of permissible tax deductions, will lose out as a result of the tax changes, although higher income earners who derive most of their money from the earnings they make at work will be clear beneficiaries.

The new system is designed to make it much harder for Swedes to find loop-holes and other devices to reduce their tax burdens, while at the same time acting as an incentive for people in all income brackets to work more effectively.



France's rail board wants to put its record-breaking TGV on a high-speed track into the next century

French fast rail plans unveiled

THE FRENCH Government is considering an ambitious plan by the SNCF railways board to spend up to FFr188bn (£20bn) on 3,400km of high-speed express lines and trains over the next 20 years, writes William Dawkins in Paris.

The proposals, delivered to Mr Michel Delebarre, the Transport Minister, are the SNCF's response to a government call last year for a list of priorities for developing the country's Train à Grande Vitesse (TGV) network between now and 2010. This is the first such planning exercise for the TGV, which started nine years ago with a link between Paris and Lyons in the south and now includes a line to the west.

Mr Delebarre is due to decide quickly whether to support the 13 new lines proposed by the SNCF, and will then consult local authorities. The Government aims to adopt a final plan by the year's end.

This marks the final phase of a vigorous lobbying process from cities eager to place themselves on a TGV line. These include Strasbourg, keen to add to its increasingly questioned attractions as home to the plenary sessions of the European Parliament, or Amiens, on a possible route from Paris to the Channel tunnel. A separate tunnel line line has already been agreed, to run from Paris via Lille.

The SNCF list does propose a Paris to Strasbourg line (its costliest idea) to connect with West Germany whose in 1997. This would slash the journey time between the two cities to 1hour 50 minutes, but would cost FFr22bn for the infrastructure and FFr6.3bn for rolling stock, according to the SNCF. The line would also be among the least profitable, producing an estimated 4.5 per cent return on capital, well below the 8 per cent minimum target the board has set itself.

However, there is strong support in the Government for finding the cash for a Strasbourg TGV, to boost the city's ability to keep its hold on prestige European institutions, also including the Council of Europe and the European Court of Human Rights.

Doubt cast on E Europe's capacity to absorb big investments

By William Dullforce in Geneva

EAST EUROPEAN countries cannot absorb investments of the size that the West is preparing, according to the secretariat of the United Nations Economic Commission for Europe.

Technical assistance rather than direct financial aid should form the main component of any western programme to support economic reform, the secretariat says in its 1989/90 annual report.

It also warns that the rush by east European countries to attract foreign private investment may be premature and risky, as long as they have not introduced effective competition in their markets. Public reaction against profiteering could endanger the whole process of reform, it says.

The ECE secretariat comprises mainly economists trained or with direct experience in eastern Europe, headed by Professor Aleksandar Vacic, a Yugoslav. It has monitored economic development in the Soviet Union and the six east European states for more than 40 years.

Its latest report analyses the possibility of a western aid programme similar to the Marshall Plan with which the US helped to rebuild western Europe after the Second World War. A comparable effort for the Soviet Union and eastern Europe would cost about $16.7bn a year for four years, it concludes. The programme of aid from the European Community, outlined by Mr Jacques Delors, president of the European Commission, in January, would amount to about $23bn a year.

However, the ECE secretariat doubts the capacity of the eastern economies to absorb aid on this scale. Their economic structures, and the incentives offered to entrepreneurs in the east today differ radically from those prevailing in western Europe in 1948, it argues.

A crucial difference is that the eastern countries have to construct market economies from first principles, whereas a system of property rights remained in place in the west after the war and enterprises were free to seek access to foreign markets.

Moreover, in the 1980s, in marked contrast to the newly industrialised countries of south-east Asia, the east Europeans and Soviets demonstrated their inability to absorb new capital and western technology.

Technical assistance rather than direct financial aid should form the main component of any western programme to support economic reform, the United Nations Economic Commission for Europe says in its annual report for 1989/90.

Western policymakers would do better to turn the Marshall Plan upside down, the ECE secretariat concludes. Whereas the plan was long on grant aid and short on technical assistance, western aid to eastern Europe should, at least initially, reverse their relative importance. Suggested priorities for technical assistance include:

- creating the legal, financial and institutional framework for a competitive market system;
- providing comprehensive and reliable statistics to allow governments and enterprises to take decisions in decentralised economies;
- developing the market skills needed to boost exports.

Financial aid should go primarily to improving transport and telecommunications systems and to a rapid reduction in environmental pollution. The ECE secretariat also foresees a need for currency stabilisation loans – already proposed for Poland by the 24 countries of the Organisation for Economic Co-operation and Development – and support for payments balances.

However distasteful it may be to western bankers, debt reduction may prove essential to maintain the momentum of reform in countries such as Poland, Hungary and, eventually, Bulgaria, the secretariat says. The social consensus in favour of reform could be threatened, if the initial gains from tough restructuring measures went to service foreign debt rather than to domestic investment and personal consumption.

One feature which the secretariat thinks could be copied from the Marshall Plan is a Central European Payments Union to facilitate the transition to a system of free trade. Modelled on the European Payments Union of the 1940s and 1950s, a clearing institution with some supervisory authority could offer the Comecon countries a path towards currency convertibility.

The secretariat stresses the crucial importance of ensuring competition in the eastern economies. Irrespective of how far some have moved towards market economies, their markets are still distorted, segmented and inefficient, their structures tend to be monopolistic or at best oligopolistic, and market information is sparse and/or inaccurate.

Given the large, suppressed demand for consumer goods, ideal conditions exist for enterprises in this sector to generate bigger profits than normal, once prices are freed, the secretariat argues. It cites popular criticism last year in the Soviet Union of the prices charged, and the profits made, by some co-operatives.

Foreign companies, it believes, will be happy to play according to whatever rules prevail, as long as they have security of title to their assets and guarantees of profit repatriation. If markets are not competitive, it cannot be presumed that foreign companies will automatically contribute to a more efficient use of resources.

Caution is also advised over privatisation. A change in ownership might simply transform a public monopoly into a private one. The ECE secretariat foresees big problems in establishing correct estimates of net worth in countries where there are no efficient capital markets and where accounting rules bear little relation to those in a functioning market economy.

In such circumstances, the secretariat argues, there is a risk that social assets will be sold off at prices which imply large transfers of wealth either to old managers and former *nomenklatura* members or to western newcomers.

Short-term outlook bleak, says report

By William Dullforce

THE SHORT-TERM economic outlook for eastern Europe and the Soviet Union is bleak, says the UN Economic Commission for Europe report.

After a 1989 economic performance described as probably the worst since the immediate post-war period, the ECE secretariat foresees deepening recession in eastern Europe and sluggish growth at best in the Soviet Union in 1990.

Economic growth fell far short of government targets throughout the area last year. Soviet growth in output fell to less than 2.5 per cent from 4.5 per cent in 1988. In at least two of the six east European countries output contracted in absolute terms, and aggregate growth in five which reported data was only 0.5 per cent.

Growth slowed throughout the year and output fell in most, possibly all, the seven countries in the last quarter.

Industrial activity stagnated in eastern Europe last year and grew less than 2 per cent in the Soviet Union, construction contracted and agricultural output grew less than 1 per cent.

The ECE secretariat believes the political legitimacy conferred on east European governments by free elections, and a programme of western technical and financial support, will help them face the costs of their economic reforms.

Nevertheless, it expects inflationary pressures to respond only slowly this year to the moderate deflationary measures adopted by new governments. Where policy is tougher, as in Poland, the cost of a recessionary downturn is expected to be high. Inflationary pressures are fuelled by large fiscal deficits. The Soviet budget deficit reached 10 per cent of GNP in 1989.

Balance of payments constraints, which increased for most countries, last year have reduced the leeway for domestic policymaking, the secretariat says. Last year's increase in oil prices brought an improvement in Soviet terms of trade with the west but the gains were not enough to prevent the trade deficit widening from some $3bn in 1988 to an estimated $6.5bn in 1989.

The Soviet current account deficit worsened even more and estimated net indebtedness increased by $10bn in nominal terms to $36.5bn, according to the secretariat.

Eastern Europe's trade surplus with the west nearly vanished in 1989, although the surplus in convertible currencies with all market economies remained positive. A substantial rise in the deficit on invisibles caused the east European current account in convertible currencies to swing into an estimated $2bn deficit. Aggregate net indebtedness (gross debt less deposits held abroad) of the six east European countries rose by $1.5bn to almost $78bn by the end of 1989.

Turkish wage deal threatens inflation goal

By Jim Bodgener in Ankara

TURKEY'S 10,500 cement workers settled yesterday for a large wage increase that could set an inflationary benchmark for other public and private sector pay negotiations this year.

The embattled Motherland Party Government now seems set for another spring of tough bargaining and strikes by organised labour.

With the Government's official inflation target at 54 per cent for this year, basic monthly wages in the cement sector will rise by 100 per cent this year, according to the biannual agreement.

There would also be a large fixed supplement this year, and in the second year the workers will receive 60 per cent, plus another handsome supplement.

Inflation up slightly in France

By William Dawkins in Paris

FRANCE'S monthly inflation rate accelerated slightly in March to 0.3 per cent, from 0.2 per cent in February, according to provisional figures from Insée, the statistics body.

The rise, partly due to higher car prices and service industry charges, still leaves France with the lowest price increases so far this year of any industrialised country apart from the Netherlands, said Insée.

French prices have increased by 0.8 per cent over the first three months of the year, against 0.6 per cent in the Netherlands. While prices have risen in the car and service industries, inflation has been restrained by falling prices for oil and domestic heating fuel.

The past three months' performance has also helped bring French inflation closer to West German levels. The West German inflation rate over the first quarter was well above the French, at 1.1 per cent. However, it was 2.7 per cent over the 12 months to March, 0.7 percentage points below the French rate of 3.4 per cent.

Paris aims to reduce the annual rate to 2.5 per cent this year.

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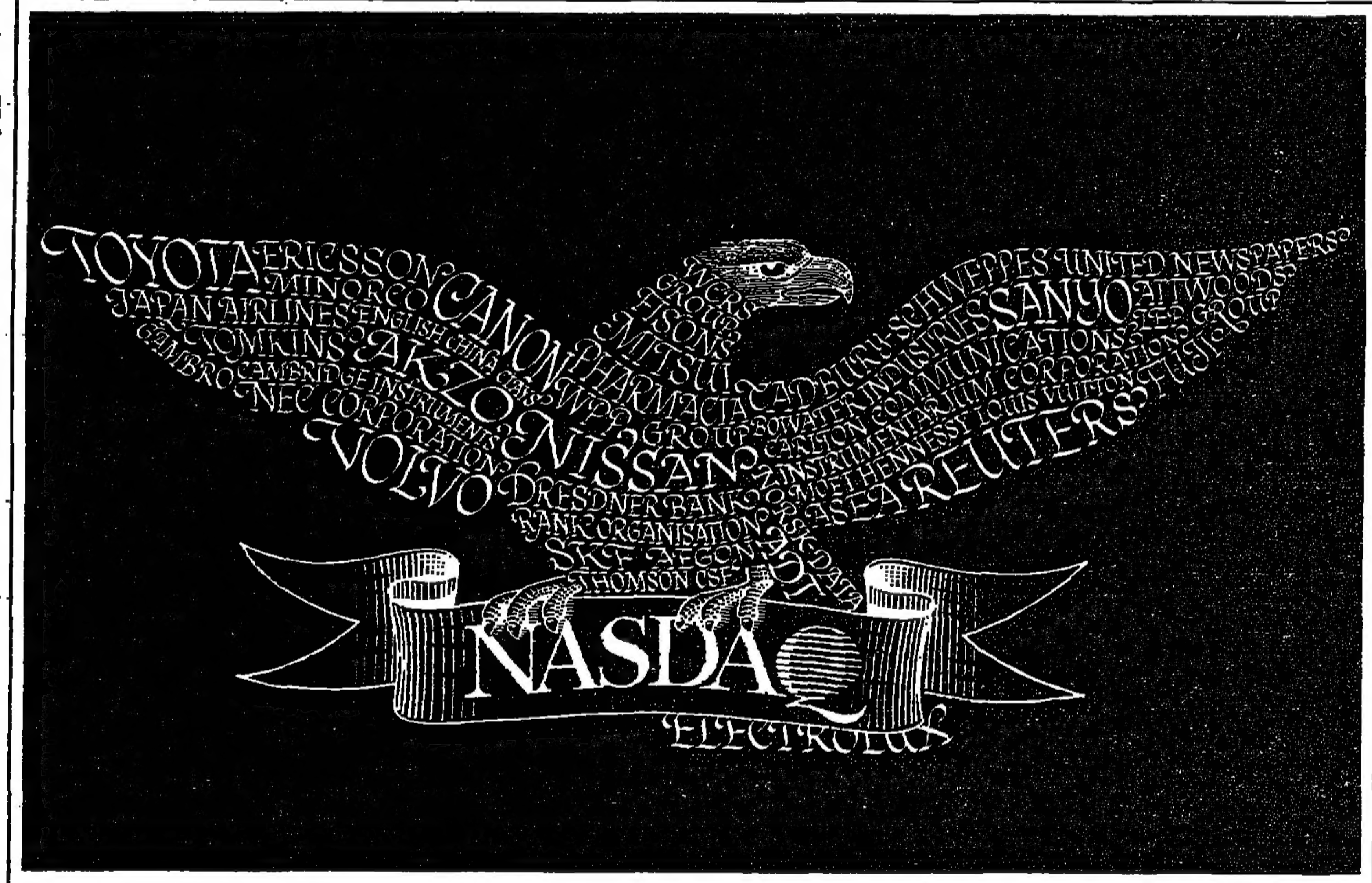

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The way a stock market ought to be.

Shares fear in Tokyo as the money supply rises

By Ian Rodger in Tokyo

JAPAN'S broadly defined money supply (M2 plus certificates of deposits) jumped 11.6 per cent in March, stirring fresh fears about inflation and contributing to further unease on the Tokyo stock market.

Although the money supply growth rate was 0.2 per cent lower than that in February, Bank of Japan officials acknowledged that it was high considering the state of the country's economy.

The central bank raised its discount rate from 4.25 per cent to 5.25 per cent on March 20, the fourth increase in less than a year, partly to tighten money supply.

Shortly after the report was issued early yesterday afternoon in Tokyo, share prices, which had been recovering until then, fell back, and the Nikkei average of 225 leading shares on the Tokyo Stock Exchange ended down 1.58 points at 28,461.60.

Meanwhile, the dollar gained Y0.41 to Y159.83 in Tokyo, boosted also by speculation that the US trade figures for February, to be published today, will show improvement.

Interpretation of the money supply figures is made difficult by the continuing process of deregulation of interest rates on time deposits. Thus, cash grew at only 8.5 per cent but quasi-money raced ahead 15.8 per cent, reflecting the flood of savings pouring into deregulated time deposits where interest rates are much higher than on ordinary accounts, and where money is safer than in the stock market.

According to one report yesterday, the outstanding balance of funds in deregulated deposit accounts has already topped Y30,000bn.

The Bank of Japan said lending growth accelerated last month, but increased tax payments, a shift to non-money financial assets and other factors contributed to the slight reduction in overall money supply growth.

Japanese look with envy at other people's reforms

Liberalisation in Eastern Europe has captured the imagination in Tokyo, Ian Rodger writes

FEW OVERSEAS news stories have captured the attention of Japan's insular citizens as has the passionate drive by Eastern European peoples in recent months to overthrow single party totalitarian regimes and replace them with multi-party democratic systems.

One simple indication: sales of the Japanese language version of Newsweek have soared from around 30,000 a week before Eastern Europe began to rumble to nearly 150,000.

No one knows exactly why the Japanese, who have been indifferent to the struggles of many other oppressed peoples in the past, are so interested in these ones. But it is a fair guess that they have been influenced by political pundits of all stripes who have seized every opportunity in the past few months to draw the contrast between the spiritually uplifting processes underway in Eastern Europe and the dreary emptiness of Japan's politics and politicians.

All of which may put a new cast on the old idea, which has resurfaced again in recent weeks, of reforming Japan's strange multi-seat constituency election system. This system is generally blamed for lumbering the country with effective one-party government

Public support for some changes might just be enough to carry the day

and for promoting all manner of financial corruption within the Liberal Democratic Party (LDP).

Until now attempts to replace this system with a more conventional single-seat constituency structure, perhaps with a dash of proportional representation, have always foundered and brought grief to the Prime Minister of the day, largely because LDP bosses could never accept the possibility that they should give up their stranglehold on power. Today, with last year's Recruit bribery scandal still reasonably fresh in people's minds and events in Eastern Europe accelerating, public support in Japan for electoral reform might just be enough to carry the day. And who better to carry it out than Mr Toshiki Kaifu, the second division MP called in last July to become Prime Minister when the real leaders of the LDP were considered too tainted by Recruit?

Mr Kaifu, who is still seen by many as a mere puppet of the real LDP bosses, has turned out to be more adept at the political game than expected. Knowing he had no support within the party, Mr Kaifu has secured his position to date by direct appeals to the public. His clean image and clear speaking played a significant role in the recovery of the LDP's popularity to the point where it won a strong majority in last February's election.

That forced party leaders to let him stay in office for a little longer, but they all hoped he would founder in the annual spring trade row with the US and could be dumped before the July summit of leading industrialised countries in Houston, Texas. But Mr Kaifu fooled them again. Urged on by President George Bush, he badgered recalcitrant bureaucrats to agree to most US demands to remove various barriers to imports. He won the day when a poll was published indicating that the Japanese people themselves heartily agreed with most of the demands being made by the US, hoping they would lead to a better break for consumers.

Within the next week or so, an advisory council is to make detailed proposals for electoral reform, and it is expected to call for single seat constituencies and an element of proportional representation.

Mr Kaifu is sorely tempted to make this issue his own, even though he knows the risks. It would contribute to his clean image, he could appeal to the people over the heads of the political bosses and, if he succeeded, it would give him a huge monument in this centennial year of the formation of the Diet (parliament). But it is probably not to be. Regardless of the merits of the case, he will simply not have time.

No people can put up with being ashamed of their politics for ever

Later this month, deliberations on the national budget will end, and the Government will face its first main challenge since it lost majority control of the upper house of the Diet in last July's elections. Under Japan's Constitution, the LDP can force adoption of the budget itself because it has a majority in the lower house, but vital related tax bills cannot be forced. The LDP hopes to win over enough members of marginal opposition parties to see it through, but they are playing for time to get the best deal possible, and Mr Kaifu could easily end up a victim of this delicate false hesitation.

If he survives, he will immediately be staring at another nasty challenge, the demands from foreign countries that Japan open its rice market to imports. This will come in the context of the Uruguay Round of trade liberalisation talks.

Recent polls suggest that a narrow majority of Japanese now support a liberalisation of the rice policy, which is an astonishing turnaround from a year or so ago when 80 or 90 per cent were opposed.

However, Mr Kaifu could easily become a scapegoat for doing what has to be done.

That does not necessarily mean that electoral reform proposals are forever doomed to gather dust. No people is going to put up with being ashamed of their politics forever. But it almost certainly means that someone other than Mr Kaifu will get the monument for achieving it.

Protesters take to streets of Tehran

By Victor Mallet and Kamran Fazel

ANTI-GOVERNMENT demonstrations have erupted in the Iranian capital Tehran in recent days, and Iranian newspapers have acknowledged that the security forces killed one person and arrested 65 in the violence.

The opposition People's Mojahedin organisation, based in Baghdad, said yesterday that hundreds of youths assembled in Mellat Park last Thursday, Saturday and Sunday and urged thousands of bystanders to protest against the regime. The park is now carefully monitored by the security forces.

The Iranian media described those arrested as "hooligans" and said they had been detained for inciting a crowd with political and "anti-religious" slogans.

Iran's religious establishment has sought to portray the protests as largely criminal, but the Government's political opponents have been strengthened by widespread dissatisfaction about the economy.

Riots first broke out in February after a crowd, angry about the postponement of a football match, began shouting anti-government slogans. Since then there have been small protests across the country. The press has generally avoided mentioning the unrest, although recently there were reports of fighting between Revolutionary Guards and anti-government forces near the border with Pakistan.

Iranians are bitter about high prices and the failure of President Hashemi Rafsanjani to restore the economy following the end of the Gulf war against Iraq in 1988.

Young black 'storm troopers' provide stern test for Mandela

Patti Waldmeir on some serious political theatre

AT KaNyamazane, in the South African black homeland of KaNgwane last weekend, a young "comrade" stood with his M16 rifle trained on the crowd of delegates arriving to attend the first annual conference of the South African Youth Congress (Sayco).

His rifle was plastic, and his uniform consisted of a shirt and trousers in contrasting shades of khaki. But if the trappings of the struggle were not quite authentic, the young man's commitment was clear.

Along with 1,500 other delegates to the Sayco congress which ended on Monday, he performed the war dances and chants which stir the hearts of young blacks in the townships – and chill the souls of moderates, even within the African National Congress (ANC), who fear the radicalism of the country's youth.

Three months ago, such a congress could not have taken place: Sayco, the country's largest youth organisation, was banned, and many of its members were detained without trial under the state of emergency imposed in June 1986.

On February 2, Mr F W de Klerk, the South African President, unbanned Sayco and other political organisations including the ANC – hoping that when such groups were allowed to operate openly, they would lose some of the revolutionary fervour nurtured underground.

But the sentiment at the Sayco congress last weekend was nothing if not revolutionary. Mr Peter Mokaba, Sayco President, played cheerleader to the mass of delegates from the stage, leading them in chants of "Shoot to kill, shoot to kill, shoot to kill the Boers".

With his powerful baritone voice and charismatic delivery, the 31-year-old Mr Mokaba is a master of political theatre and a clear favourite among the youth. In the stuffy conference hall on a heavy grey autumn day, he led what he calls his "storm troopers" in several minutes of stomping, chanting and ululating before the grandfatherly figure of Mr Nelson Mandela, deputy President of the ANC, rose to address them.

After saluting such unlikely figures as Cuba's Fidel Castro, and Col Mengistu Haile Mariam of Ethiopia (the last place in Africa where Mengistu is seen as a hero), the youth settled down to listen to the man who – for the moment at least – holds their allegiance. Mr Mandela, whose ponderousness as a public speaker contrasted sharply with the passion of Mr Mokaba, had a stern message for the storm troopers. His words sounded like a rebuke.

"If you are not disciplined, you can never win our confidence. If you do not respect the leadership of the ANC, we can never rely on you." He went on to urge tolerance of rival political organisations, to condemn the use of coercion against opponents of the ANC, and to defend the ANC policy of negotiating with Pretoria.

On the whole, Mr Mandela's speech was warmly received; but nothing he said provoked as big a cheer as Mr Mokaba's protestation, delivered later in the day, that "the youth should learn dialectical materialism".

In a speech marked by the kind of rhetoric which, banished from the Eastern bloc, may find its last resting place in South Africa, Mr Mokaba spoke of a capitalist system in "deep crisis". The rather more obvious crisis of socialism did not rate a mention.

He referred to the "Marxist-Leninist tendency" of the South African struggle, asserting that "our epoch is the epoch of the transformation from capitalism to socialism, and our struggle is taking place in that context."

He exhorted the youth to join the ANC, join the South African Communist Party, and join Umkhonto we Sizwe, the ANC army. The third drew a roar of support.

Therein lies the challenge of the future for the ANC: how to maintain the loyalty of the youth after the ANC agrees a ceasefire with the Government as part of negotiations on a new constitution.

Many township youngsters might then throw their support behind the ultra-radical Pan Africanist Congress, with its slogan of "one settler, one bullet".

Mr F W de Klerk, the South African President, yesterday ruled out black majority rule as a future constitutional model for South Africa, saying that this would lead to oppression of minorities, Patti Waldmeir writes from Johannesburg. Speaking at a joint session of Parliament in Cape Town, Mr de Klerk restated his government's policy by saying that the ruling National Party rejected both partition along racial lines, as proposed by the extreme right Conservative Party, and majority rule, which would be the logical outcome of the policy of the ANC.

Arabs protest at holiest Christian shrine

Palestinians protesting in the Church of the Holy Sepulchre, Christianity's holiest place, in Jerusalem yesterday shortly before a three-judge panel of the district court upheld the eviction of 150 Jewish settlers who moved into nearby church-owned buildings in the Christian quarter of the Old City.

The Palestinian protest was the latest in a series since the group of Jews moved into the church buildings under police guard, only days before Easter. Mr Avraham Sochozolsky, a lawyer for the Greek Orthodox Church, said he would next ask police to carry out the order to evict the Jews from the 72-room complex owned by the Church.

It was not clear if the Jewish settlers would be evicted immediately from the four buildings that once served as a church hospice.

Lawyers for the settlers said before the decision that they planned to appeal. They left the court just after the ruling and were not available for comment.

The court ruled that a stay of the eviction notice granted last Friday by a single District Court judge was improperly obtained.

"The judges have cancelled the stay. They (the settlers) must be evicted," Mr Sochozolsky said.

The decision did not affect a separate court action in which the Greek Orthodox Church is seeking to prove a former tenant in the complex leased the 100-year-old buildings illegally to the settlers.

The settlers' move into the complex near the Church of the Holy Sepulchre last Wednesday set off a protest demonstration the following day by about 200 Christian clerics and supporters.

Police fired tear gas when one priest tore down a poster picturing a Jewish Star of David that had been placed over a cross on the main door of the disputed complex.

Several churchmen, including Greek Orthodox Patriarch Diodorus I, collapsed from the tear gas and were treated at a nearby clinic.

The Old City is part of the area captured by Israel in the 1967 Middle East war. It contains sites holy to Jews, Christians and Moslems.

Reprisal urged for nuclear smuggling

IRAQ, Pakistan, India, Argentina and Brazil have been able to circumvent international regulations to build or expand nuclear weapons capabilities, a research organisation reported yesterday, AP-DJ reports from Washington.

To deter these practices, the report recommended that the US and other supplier countries should threaten economic and military sanctions as penalties.

The researchers also recommended that traditional nuclear suppliers should ensure rigorous enforcement of their common nuclear export guidelines. The report said West Germany has been the "weak link" in the multilateral export control system and must enact legislation to tighten export control laws.

The report, "Nuclear Exports: The Challenge of Control", was prepared by the private Carnegie Endowment for International Peace.

There was no immediate comment from any of the embassies of the governments which are mentioned.

The report said that supplier countries should retaliate against nuclear smuggling by threatening aid reductions, military sales restrictions or economic sanctions.

Pacific nickel mine sold to Melanesians

MELANESIAN separatists said yesterday they had bought the Pacific islands' largest private nickel mine from its French owner for FFr1.8bn (£195m) - a third of its estimated value, Reuter reports from Noumea.

Nickel has long been New Caledonia's main export. But the mines remained the symbol of power of the white French settlers who dominate the economy, even though separatist unrest has since 1985 shaken their political hold in the territory.

Mr Jacques Lafleur, leader of New Caledonia's pro-French loyalists, sold his 85 per cent stake in Société Minière du Sud Pacifique (SMSP) to the separatists, saying he favoured a stronger economic role for Melanesians ahead of a 1998 referendum on independence. "I am in favour of the Melanesians being drawn into the economy," he said.

Separatist sources said the deal to sell the SMSP to a regional council run by the Kanak National Socialist Liberation Front (FLNKS) followed a year of secret talks.

This is the first time since nickel was discovered on the islands in 1864 that Melanesians are breaking into the club of mineowners, hitherto been dominated by half a dozen Europeans. In 1988, Mr Lafleur, New Caledonia's richest man, agreed to sign a government-sponsored peace with the FLNKS.

Delhi outlaws eight political organisations in Kashmir

By David Housego in New Delhi

EIGHT Kashmiri militant organisations who are suspected of being linked to the recent violence in the state were banned by the Government yesterday.

The organisations outlawed included the Jammu and Kashmir Liberation Front (JKLF), which was behind the recent kidnappings, the Jamaat-i-Islami, which had four members in the recently dissolved Jammu and Kashmir state assembly and the People's League.

The ban emphasises the government's increasingly tough attitude in completely ruling out a dialogue with organisations in Kashmir campaigning for independence from India or unity with Pakistan.

The Jamaat-i-Islami was also banned in 1975 during the state of emergency for its pro-Pakistani views.

The Jammu and Kashmir government also closed down three Urdu-language newspapers published from Srinagar for publishing what the authorities described as subversive material.

India forecasts growth rate of 5 per cent

By R C Murthy in Bombay

INDIA will see a second year of slow growth this year despite a forecast of normal monsoon rains on which Indian agriculture depends, according to the Reserve Bank, the country's central bank.

Mr R N Malhotra, the bank's governor, forecasts India's gross national product to grow 5 per cent in the fiscal year to March 1991, after an estimated 4.5 per cent this year.

This is the first time the reserve bank has made an independent estimate, reflecting its autonomy under the new administration of Mr V P Singh, the Prime Minister.

The former Government of Mr Rajiv Gandhi had planned for growth rates above 5 per cent in the five years to 1995 but the new administration changed priorities in favour of social and job creation programmes.

India's gross national product surged by 9 per cent in 1988-89 against growth of 3.6 per cent the previous year, when the country suffered its worst drought in 30 years.

But money supply rose sharply last year by 19.4 per cent, mainly due to a big rise in bank credit for the Government, which fuelled double digit inflation.

The reserve bank has announced a monetary package intended to slow money supply by 4 percentage points this year. The package includes increasing banks' statutory liquidity ratios by half of one percentage point to 38.5 per cent, aimed at freezing bank deposits worth some Rs10bn (£373m).

The rise in liquidity ratios would hit already low commercial bank profits. The frozen Rs10bn deposits will earn 9 per cent interest rates against a minimum 16 per cent earlier.

Bank deposits are projected to grow by 16.6 per cent this year, down from 18.5 per cent last year.

Earlier, New Delhi announced massive increase in taxes aimed at containing budgetary deficit which, at Rs72bn, is just below the deficit projected by the former Gandhi administration for this year.

The monetary and fiscal measures are to combat inflationary pressures. But analysts fear they may slow down growth.

Ten killed in Beirut battle

At least 10 people were killed and 35 wounded as street battles raged all day yesterday between the Shia Moslem Amal and Hizbollah militias, Lara Marlowe writes from west Beirut.

Most of the casualties were civilians. The fighting started near an Amal office in the Bourj Abu Haidar district and spread to the Basta and Mazraa quarters and to the city's southern suburbs.

Most schools in west Beirut remained closed and the main road to the city's airport was cut.

The renewed fighting was precipitated by the assassination in West Beirut on Monday of Ali Abu Hasan, an Amal official in the Zokak El-Blat area of the city.

Nepal chooses its Prime Minister

By K.K. Sharma in New Delhi

MR KRISHNA Prasad Bhattarai of the Nepali Congress is to be sworn in as Nepal's new Prime Minister tomorrow at the head of a 11-member coalition Government that will include two members nominated by King Birendra.

Mr Bhattarai, left, and Nepali Congress leader, Mr G.M. Singh

Mr Bhattarai said yesterday after meeting the King that the monarch had promised him that his nominees would not impede the functioning of the interim government which is being formed as a climax to the successful two-month-old movement for democratic reforms in the kingdom.

The formation of the new Government, the first to be formed on a party basis in 30 years, is expected to lead to free elections in Nepal for the first time since the "partyless form of democracy" was introduced in 1960 when political parties were banned by the present king's father.

The Government is expected to pave the way for substantial changes in Nepal's Constitution which will re-introduce democracy in the kingdom and attempt to give the monarch the status of a constitutional monarch. Mr Bhattarai announced yesterday that he would try to hold free elections within a year. It will take about this time to give effect to constitutional changes that replace the partyless system with a multi-party political democracy in the kingdom that has witnessed autocratic rule for the last 30 years.

Among the ministers will be one woman, Left Front leader, Ms Sahana Pradhan. The interim government will be Nepal's first opposition government since Birendra's father, King Mahendra, banned political parties in 1961.

The Nepali Congress formed the country's first democratically-elected government in 1959, but it lasted only 20 months before Mahendra dismissed it, accusing it of corruption and poor administration.

Airbus decision delay hits Indian Airlines

By David Housego in New Delhi

A DECISION on whether Indian Airlines should resume operating its fleet of Airbus A320s has become bogged down in government disputes and the prospect of a Cabinet reshuffle.

The 14 aircraft have been grounded since February 18, four days after an Airbus crashed at Bangalore. On official calculations, this has cost the airline to date more than Rs200m (£7.5m) in operating losses.

Four more aircraft, which Airbus Industrie, the European consortium, was due to deliver in March, are still waiting at the Toulouse production facility because Indian Airlines has asked for their delivery to be postponed.

The A320 was ordered grounded by Mr Arif Mohammed Khan, the Minister for Civil Aviation, because of technical snags – including a loss of cabin pressure and a failure of the hydraulic systems – that developed in other aircraft. As a result of the grounding – which raised fears that the Government had doubts about the safety of the plane – the Indian Commercial Pilots' Association told its members not to fly the A320 until the reasons for the crash had been officially disclosed.

"Nobody wants to take responsibility for the resumption of operations," Captain R.N. Singh, the general secretary of the association said yesterday. "Neither the Government, nor the minister, nor Indian Airlines, nor the pilots association." A senior official said last week: "We have been expecting a decision any day." But so far none has materialised.

A month ago the board of Indian Airlines was asked to authorise the resumption of flights, but declined to do so on the ground that they had not been informed of the reason for the accident.

Mr Arif Mohammed Khan says that he has told Mr V. P. Singh, the Prime Minister, that a decision on resuming operations should be taken by the whole Cabinet and not him alone. This came after the Prime Minister sent him a letter – extracts of which were published in the press – saying that safety needed to be assured before flights could resume.

If the Prime Minister succeeds in his current efforts to broaden the administration, then Mr Khan, who is also Minister for Energy, may lose the Civil Aviation portfolio. The pressure of work on ministers holding more than one job is one of the reasons for the delays in decision making in the new administration.

A decision on who should replace Mr R. Prasad, the managing director of Indian Airlines who resigned to take responsibility for the crash, has also been shelved.

He has been temporarily replaced by Mr P. C. Sen, a joint secretary in the Ministry of Civil Aviation, with five years experience of handling Indian Airlines.

But until a permanent appointment is made, no decision can be taken on filling vacant posts in senior and middle management. The absence of a proper command structure is widely seen as the main reason for the airline's inefficiency and industrial troubles.

Without the Airbus A320, Indian Airlines is operating 20 per cent short of capacity. It is flying 100 flights a day, against 140 in January – with Air India, the international carrier, helping it on some routes. Officials say that operating efficiency has been improved since the crash with only 15 per cent of flights delayed, compared with 40-50 per cent at the start of the year.

Officials say that the re-induction of the planes would be a slow process; pilots would have to undergo "route checks", the compulsory refresher course for pilots who have not flown for 30 days.

The Ramdass committee appointed by Mr Khan to look into India's preparedness to take delivery of the A320, said in its unpublished interim report that the pilots should have received fuller training. It also recommended tighter procedures in dealing with technical snags, improvements in ground facilities and stiffer promotion checks before pilots were given command of an A320.

However, if the Government decides to resume the aircraft's flights, it will have to allay passenger and pilot fears about the plane's safety. Officials claim that there have been no talks so far with Airbus about leasing the A320s now at Toulouse or selling them.

More religious unrest in Egypt

Moslem militants set fire to Christian property in an Egyptian village during a weekend rampage sparked by reports of the alleged rape of a six-year-old girl, security sources said, Reuter reports from Cairo.

Magistrates ordered the arrest of 78 people, pending investigations, in the town of Fayoum, 70 miles south-west of Cairo. Last month police arrested more than 330 people when Moslem radicals attacked Christian-owned property in the central Egyptian town of Abu Qurkas after unfounded rumours that a Christian was selling Moslem women into prostitution.

WORLD TRADE NEWS

Battle hots up for world wide-body airliner market

By Paul Betts, Aerospace Correspondent

THE transatlantic trade battle for the growing market for large twin-engined airliners is set to intensify with Boeing, the world's largest commercial aircraft maker, moving a step closer to launching its 767X wide-body aircraft and its European rival, Airbus, claiming it is poised to gain a 30 per cent share of the world airliner market.

After months of negotiations, Boeing has secured the co-operation of three leading Japanese companies including Mitsubishi Heavy Industries, Kawasaki heavy Industries and Fuji Heavy Industries in its $4bn project to build a new wide-body aircraft to compete against the Airbus A330 airliner.

The three Japanese groups are expected to become key contractors on the new Boeing aircraft to be launched later this year. The Japanese companies are likely to supply about 20 per cent of the parts for the new aircraft compared with about 15 per cent for the current Boeing 767 airliner family.

Although the Japanese companies are not expected to become equity partners in the new Boeing aircraft project, their participation lifts a cloud over the programme. However, Boeing is still seeking commitments from airlines to enable the 767X project to be launched officially.

Pressure has been mounting on Boeing because of the inroads both Airbus and McDonnell Douglas have made in the market for wide-body long range aircraft with their respective Airbus A330/A340 and McDonnell Douglas MD11 airliners.

Mr Jean Pierson, the Airbus managing director, confirmed in London yesterday that the 20-year-old European aircraft consortium expected to report a profit before 1995 and conservatively estimated it would gain a 30 per cent share of the market for 10,000 airliners forecast over the next 15 years.

He said Airbus output would exceed 200 aircraft a year in 1998 representing an annual turnover of more than $12bn. "From the mid-1990s we are going to become a profitable enterprise," he added.

"The long established Airbus goal of 30 per cent share of the civil air transport market for large aircraft is well within reach," he said, emphasising that Airbus last year was world leader for wide-body airliner sales for the first time. He also said the consortium's backlog of 812 aircraft firmly ordered represented more than five years' work.

However, Airbus was recently disappointed by Japan Airlines decision to opt at the last minute for McDonnell Douglas MD11 trijets rather than European aircraft.

With the widely expected Boeing decision to launch a new wide-body jet later this year, a three-cornered contest for the growing wide-body aircraft market is expected to intensify between Airbus, Boeing and McDonnell Douglas. This contest is expected to be mirrored by a parallel trade battle between the three main engine makers, General Electric and Pratt and Whitney in the US and Rolls-Royce in the UK.

Customs 'sting' marks launch of counterfeit video games campaign

By Louise Kehoe in Los Angeles

A TAIWANESE counterfeit video game operation has been foiled by an elaborate undercover "sting" operation conducted by US customs in the latest US effort to stem illegal copying of computer software.

The customs action stems from complaints by Nintendo of America, the US subsidiary of the Japanese video game manufacturer , which has launched a broad attack on software "pirates".

Four people – two Americans and a Taiwanese couple – were arrested last week in North Carolina for allegedly attempting to sell counterfeit Nintendo video game cartridges, which play on popular home video game machines.

Nintendo said its lawyers and investigators had been working for weeks with customs agents in North Carolina to seize the counterfeit cartridges.

The operation involved hidden cameras, microphones and $10,000 in marked money used to lure the counterfeiters. Nintendo said that customs agents had seized approximately 700 counterfeit Nintendo cartridges.

Mr Howard Lincoln, Nintendo's senior vice president, said the operation "is the first of many co-ordinated actions which Nintendo is taking throughout the United States and Canada to stop the illegal rental, sale and importation of counterfeit Nintendo cartridges". Lawsuits for copyright infringement had been filed in in Los Angeles, Minneapolis, Florida and Ottawa.

The lawsuits charge the defendants with wilful infringement of Nintendo's copyrights by the importation, rental and sale of "multiple game cartridges" which contain up to 40 counterfeits of Nintendo and Nintendo licensed video games in a single cartridge.

"What's happening here is an outrageous theft of Nintendo's valuable intellectual property rights," said Mr Lincoln. "Crooks in the Far East have made verbatim copies of legitimate Nintendo video games and have packaged these counterfeits in multiple game cartridges.

"We plan to sue video rental outlets, retailers, distributors and importers who deal in counterfeit Nintendo software. We will sue counterfeiters and their customers wherever they are located. We have committed the necessary resources to do so."

Uruguay Round runs into the sands

With only eight months to resolve all the main issues, the talks badly need a political shot in the arm, writes William Dullforce

TRADE ministers arrive today in Puerto Vallarta, Mexico, for an informal, two-day stock-taking of the Uruguay Round of multilateral trade liberalising talks amid uncertainty and fears of a crisis developing.

After 39 months of deliberation and with less than eight months to go to the final ministerial meeting in Brussels, governments are stuck fast on most major issues. Given the complexity of the deals that still have to be struck, progress in Geneva since the beginning of the year has been disappointing.

At last week's meeting of the Trade Negotiations Committee (TNC), the supervisory body for the Round, Mr Arthur Dunkel, director-general of Gatt, the General Agreement on Tariffs and Trade, said he was dissatisfied with the state of the talks.

The TNC's message to the ministers was clear: a sense of urgency was needed. And to avoid failure, it was agreed that the basic outlines of a package of agreements must be in place by the end of July, and the fine detail and essential trade-offs by December.

Veteran trade officials are alarmed by the spreading of an attitude among negotiators that the final deals can be made only at the last hour in Brussels.

Veteran trade officials are alarmed by the spreading of an attitude among negotiators that the final deals can be made only at the last hour in Brussels. That, they argue, is tantamount to predicating the impossible and is a tacit admission of failure.

Against this background, 25 ministers, representing all the big trading nations and key developing countries, are expected to turn up in Mexico.

The European Community will be represented by Mr Frans Andriessen, the Commissioner for External Affairs, and by ministers from several member states.

The ministers are meeting outside the formal context of the Round. They can take no decisions; nothing is ripe for agreement; and none of them can be expected to budge on the key issues.

But, it is hoped, they may be able to identify how to resolve the deadlock in the talks and how to speed them up.

In Geneva, Mr Dunkel and several chief negotiators singled out agriculture and textiles which require intensive efforts over the next three months. (The US would add improved protection for intellectual property rights.)

These items have two features. They are blocked by differences between major trading powers and they form part of the crucial nexus of issues on which developing countries must receive satisfaction and make commitments. If there is no agreement on agriculture and textiles, the package embracing all 15 areas under negotiation will simply dissolve and the Round will fail.

In agriculture the stumbling block is the EC. While expressing readiness in principle to negotiate the reform of world farm trade, the Community is still far from accepting the degree and speed of liberalisation demanded by the US, the 14 farm-exporting countries in the Cairns Group and many developing countries.

Nobody expects any movement on agricultural trade until the Community has completed its annual internal price-fixing exercise. Some negotiators even forecast that Brussels will dig in its heels until September when, with panic mounting about the outcome of the Round, it may hope to compel others to accept its views.

As for textiles, here the obstacle is the US.

Freeing trade in textiles and clothing from the Multi-Fibre Arrangement (MFA), which fixes import quotas and protects domestic producers in the main importing countries, has become a priority for the developing countries.

But the US textile industry lobby, estimated to be able to sway almost two-thirds of the House of Representatives, is one of the most powerful in Washington.

The US proposal to introduce global import quotas for a 10-year transition period, during which the MFA would be phased out, has so far been backed only by Canada.

The dilemma for Mrs Carla Hills, US Trade Representative, is that, to face up to her textiles lobby, she has to mobilise support from other domestic groups by producing results in the Round on intellectual property, services and more liberal rules for foreign investment. Developing countries are resisting progress in these areas.

TNC discussions did however highlight an urgent need: how to reconcile Third World perceptions with industrialised countries' demands.

The former believe their interests are being sidestepped in the negotiations while the industrialised nations insist that, as their economies improve, developing countries must reduce and agree to hold down tariffs and renounce their right under Gatt to cite balance-of-payment constraints, in order to justify exemptions from Gatt rules.

Resolution of this conflict is central to the Round's success. In Gatt's last Tokyo Round the final decisions effectively concerned 25 countries. To ensure the continuance of the multilateral trading system, it is agreed that at least 50 of Gatt's 96 member states need to be parties to the grand settlement in Brussels in the Uruguay Round.

In Mexico Mr Andriessen can be counted on to reiterate the EC's conviction that the Round will only be successful if it emasculates US ability under its Trade Act to punish countries unilaterally for what it considers to be unfair trading. Here an understanding may have been adumbrated.

Mr Tran Van Thinh, head of the EC delegation, suggested in the TNC that the US Congress could reasonably be expected to abandon one-sided sanctions, if the Round succeeded in reinforcing Gatt's capacity to enforce its multilateral rules and extended Gatt's coverage to new areas such as services and intellectual property.

That raises the question of whether enough developing countries would accept this reinforcement and extension of Gatt. It also leads to the proposal, which Mr John Crosbie, Canada's Trade Minister, said he would submit in Puerto Vallarta, that Gatt be enhanced into a fully fledged world trade organisation.

If there is no agreement on agriculture and textiles, the package embracing all 15 areas under negotiation will simply dissolve and the Round will fail.

The outstanding issues, from agriculture and textiles outwards, currently mingle in a confusing nexus of interlocking and frequently conflicting interests.

Two conclusions follow – that each country, even the most powerful, will have to make some painful concessions to ensure the success of the Round, and that individual issues cannot be solved separately.

In Puerto Vallarta the trade ministers might define some of the cross-linking concessions that have to be made. They would next have to ensure that the necessity for these reciprocal concessions is understood within their governments and send the appropriate instructions to their negotiators in Geneva. That then might add up to the political impetus the multilateral trade talks so badly need.

Hills backs idea for new world trade body

By Nancy Dunne in Washington and Ian Rodger in Tokyo

MRS CARLA HILLS, the US Trade Representative, has thrown her support behind the creation of a new world trade organisation, on condition that "solid agreement" first be reached in the current round of international trade talks.

But a Japanese trade official yesterday feared that discussions to set up a new international trade organisation to replace Gatt, the General Agreement on Tariffs and Trade, would divert negotiators from the urgent task of completing the Uruguay Round of multilateral trade liberalisation talks.

In Dallas on Monday, Mrs Hills saw a new organisation as "an overarching institution linking the new rules to the old rules, and providing a consistent means for the swift resolution of disputes."

She said a world trade organisation could be a "a positive vehicle" strengthening ties between the US, Europe and Japan, while aiding growth in the developing countries. It could also counter trends towards a global break-up of the international trading system into regional blocs.

The idea, which has been mooted several times before, was directly raised last week by Mr John Crosbie, the Canadian Minister of International Trade. He suggested that a new organisation be established to replace the Gatt, a proposal which the Canadians were expected to raise at the Uruguay Round talks today in Puerto Vallarta, Mexico.

The Japanese official said that the view appeared to be growing among some Gatt member countries that the agenda set in the Uruguay Round was too ambitious and that negotiators should settle for what is being called a "mini package".

Japan, he said, was still eager to see a "maximum package" agreed in December and he hoped the ministers meeting this week would give a new political impetus to their negotiators in Geneva.

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US growth and inflation higher than expected

By Anthony Harris in Washington

BOTH US growth and inflation were much stronger last month than had previously been supposed, with prices rising by 0.5 per cent in the month despite falling energy prices, and industrial output rising 0.7 per cent.

These figures were far ahead of market expectations, which had looked for a 0.2 per cent rise in both consumer prices and output; and the output figures for the earlier months of the year were also revised upwards. The markets therefore ignored news of a deepening recession in housebuilding.

Analysts placed particular stress on the 0.7 per cent "core" inflation for the month – the rise in the prices index without the volatile food and energy components. This has been running at an annual rate of more than 7.2 per cent in the first three months of 1990 and suggests a deep-seated problem, with the inflation rate likely to rise to 5 per cent or more this year, rather than falling to 4 per cent or less, as had been hoped.

Total inflation, also affected by high winter prices for energy and fresh foods, has been running at an annual rate of 8.5 per cent. This is the largest first quarter annual rate since 10.6 per cent in 1981.

Both the price and output data show a strong influence from the 0.4 per cent February drop in business inventories reported last week. The elimination of excessive stocks has offered some relief from the fierce competition which had driven profit margins almost to zero in some industries.

The recovery in industrial output is dominated mainly by a recovery in car output but business equipment is also strong. The figures do not, however, contradict the impression of a sharp slowdown in the growth of goods production: the Federal Reserve figures show that real output is only 1 per cent higher than in the same period in 1989.

A further depressing influence is likely to spread from the housebuilding industry. Figures released yesterday showed a further 7.3 per cent fall in housing starts, after 7.1 per cent the previous month.

Nicaragua faces threat to orderly transfer of power

By Tim Coone in Nicaragua

WITH one week to go before the new conservative government is due to take office in Nicaragua an orderly transfer of power is being threatened by mounting uncertainty over the demobilisation of the US-backed Contra rebels.

President Daniel Ortega warned on Monday that if the April 25 deadline for the disarming of the 12,000 Contras was not met, "we face the real risk that it will not be the peaceful transfer of power that we have searched and struggled for."

He said that his government is considering "appropriate measures" in case the Contras refuse to respect the demobilisation deadline that has been agreed with the incoming government of president-elect Mrs Violeta Barrios de Chamorro.

Unofficially it is thought that two options are being considered. One would be for the president to use his constitutional powers and declare a state of emergency and to simultaneously postpone the handover until the demobilisation plan is complete.

The other option would be that the April 25 date could be vetoed by President Ortega. This date was moved forward from January 1991 as part of an agreement reached last August with the opposition. President Ortega has still not formally approved the reform however, and could use his power of veto to suspend the handover until January 1991.

Bush defends wait-and-see approach on global warming

PRESIDENT George Bush yesterday told an international conference on global warming that more research was needed into climatic changes and warned that environmental policies which ignored economic needs were bound to fail, writes Lionel Barber in Washington.

Mr Bush's cautious approach received a cool reception at the two-day conference in Washington attended by science, environmental and finance ministers from 17 countries.

Mr Klaus Topfer, West Germany's Environment Minister, signalled early dissatisfaction.

"Gaps in knowledge must not be used as an excuse for worldwide inaction," he said.

In the run-up to the conference, critics in the US had repeatedly accused the President of dwelling on scientific uncertainties instead of pushing new measures to cut the use of fossil fuels and to encourage conservation and renewable energy sources.

But Mr Bush made clear that he was opposed to environmental policies which did not take into account the need to preserve economic welfare.

"These are two sides of the same coin," he said. He defended his wait-and-see approach, pointing to the $660m he has committed this year to research into the greenhouse effect. A further $1bn is earmarked for next year, he said. "What we need are facts."

His remarks made clear that he is backing Mr John Sununu, his White House Chief of Staff, in the debate on global warming and the "greenhouse effect" – whereby pollutants released into the earth's atmosphere are thought to trap sunlight and lead to warming of the planet.

Mr Sununu believes that fears about greenhouse gases and the threat to the ozone layer are overstated. He also argues that remedial measures could be extremely expensive and damage US competitiveness.

The global warming conference was intended to present Mr Bush as the concerned environmental President, but the White House has taken a calculated risk that European and domestic criticism will not be so strong as to embarrass Mr Bush on his home turf.

One study has estimated that the potential US cost of combating global warming over the next century at $3,600bn but environmentalists counter that this does not take into account the benefits of reduction greenhouse gas emissions.

How the GM chief turned out villain of the piece

Kevin Done on the making of the film Roger & Me

MR Roger Smith, chairman of the world's biggest industrial corporation, could have hoped for better than this in the twilight of his career.

The name of the man who has led General Motors, the car maker, through a turbulent decade, is reaching a wider audience than even he could have dreamed. But it is for all the wrong reasons.

Mr Smith is due to retire from GM at the end of July – his successor Mr Bob Stempel was announced earlier this month – but he is not being allowed to ride off quietly into the sunset, celebrated as a hero of corporate America.

Instead, as the controversial film Roger & Me opens at more cinemas around the world – the London opening is on Friday and a wider UK launch follows a week later – Mr Smith is being cast as a villain of corporate America.

He is portrayed as responsible for closing a series of car plants in the town of Flint, Michigan, the birthplace of GM north of Detroit, and for casting thousands on to the dole.

The man behind this unflattering re-casting of the Smith image is Mr Michael Moore, at first sight an unlikely candidate for taking such a successful tilt at corporate America.

Mr Moore, who was born and grew up in Flint, had spent most of his career as a radical, left-wing journalist. Aged 22 he founded and edited for 10 years the Flint Voice, which later became the Michigan Voice, an alternative newspaper.

In the search for wider fame he left Flint to work as executive editor of Mother Jones, a US west coast political magazine but he only survived a few months before being dismissed for refusing to run an article attacking the Sandinista government in Nicaragua.

As Mr Moore tells it in Roger & Me, he returned unemployed to Flint to discover the town pitched into recession by GM plant closures. He decided to make a film about the fate of the town, using Mr Smith and GM as an allegory about what he sees as the rot at the core of the US economic system.

Filmed over a period of two-and-a-half years up to August 1989, Mr Moore made the theme a comic odyssey in search of Roger Smith, as he sought to accomplish the unlikely task of meeting Mr Smith and bringing him to Flint to view the social dislocation caused by the town's precipitate industrial decline.

The film is Mr Moore's first and is being followed with bemused fascination by Hollywood's movie moguls, as the satire of industrial America, made on a budget of only $160,000, discovers a more receptive audience across the US and the West than films with budgets a hundred times bigger.

The film is being distributed by Warner Bros, which, says Mr Moore, "is watching very closely. This is a commercial aberration, they are all on pins and needles.

"If this succeeds other independent film makers will get a chance. They will put them out if they make money, speak to issues and are entertaining."

Speaking at the premiere of the film in Detroit, America's Motown and GM's headquarters, Mr Moore claimed that the success of the film was "GM's worst nightmare come true, it was only supposed to show to 5,000 yuppies at film festivals, now it will show to 5m".

He has a complicated contract with Warner Bros, which has agreed that the film will not be shown in any non-union cinemas in the US, that it will pay the rent for the families whose evictions figure prominently in the film, that it will issue 20,000 tickets to unemployed around the US, and that the film will be shown in labour halls in 50 cities across the country with discussions after the showings led by people from Flint.

Mr Moore is channelling 40 per cent of the film's proceeds to a non-profit foundation to help finance other first-time film makers. "The number of rejection letters they receive will be one of the criteria for help," he says. His own creative financing of Roger & Me included starting a weekly bingo game in his home town, which ended up raising around $50,000, or nearly a third of the budget.

Fat and bespectacled, and cutting a wryly comic, shambling figure topped off by baseball cap, Mr Moore says that the only public reaction from Roger Smith to Roger & Me came on television when he said he "was not going to see the film because he was not into sick humour". Mr Moore said: "I think anyone who lays off 30,000 people when he makes $5bn profits is into sick humour."

In front of a General Motors car plant poster in Flint: Michael Moore, centre, and two characters in his film, deputy sheriff Fred Ross and Rhoda Britton with pet rabbit

One crumpled letter that Mr Moore proudly carries, written by a GM official, portrays him as "a social radical with a penchant for playing fast and loose with the truth" who has taken "a one-sided, off-beat swipe" at GM.

To a Detroit premiere audience in the heart of Motown the butt of the film was clearly Mr Smith and GM.

Mr Moore claims, however: "I don't think the problem is GM, I don't think the problem is Roger Smith. It is the system in this country that is undemocratic. Until you have a different system you will have the Flints. A vast number of Americans are sick and tired of what is going on. The poor are getting poorer, after ten years of Reagan and Bush we are working harder to earn less."

Three months from retirement Mr Smith wants to go down as the man who radically transformed GM in the 1980s with a $76bn spending programme. Roger & Me has guaranteed that an alternative view of the impact of the Smith era will also be aired.

Brazilian inflation 'to be zero'

By John Barham in São Paulo

MS Zelia Cardoso de Mello, Brazil's Economy Minister, says she expects inflation this month to be zero. Radical anti-inflation policies brought prices down by 0.2-0.3 per cent in the four weeks to April 15, after almost doubling in the previous 30 days.

Prices and incomes will not therefore be adjusted for inflation. While that may seem obvious, many Brazilians are suspicious. They are accustomed to large, if illusory, monthly pay "increases" to keep up with inflation.

Workers confuse cost of living adjustments with real pay increases and savers confuse indexation with interest income. In the past, when inflation declined, savers began spending because they distrusted the drop in government-decreed indexation rates. This is not currently a problem because 80 per cent of savings are blocked for 18 months.

Companies and retailers never laboured under the same "monetary illusion" and habitually increased prices to fatten margins. The Government froze prices on March 15. At the end of April it intends to set an inflation "target" that will signal wage and price levels for May.

Despite indexation, hyperinflation cut real wages heavily, so zero inflation should increase real incomes. None the less, unions claim the Government has cut wages by changing the indexation formulas. Only the minimum wage of $17 per week, paid to 20 per cent of Brazilian workers, is to increase 5 per cent in real terms this quarter.

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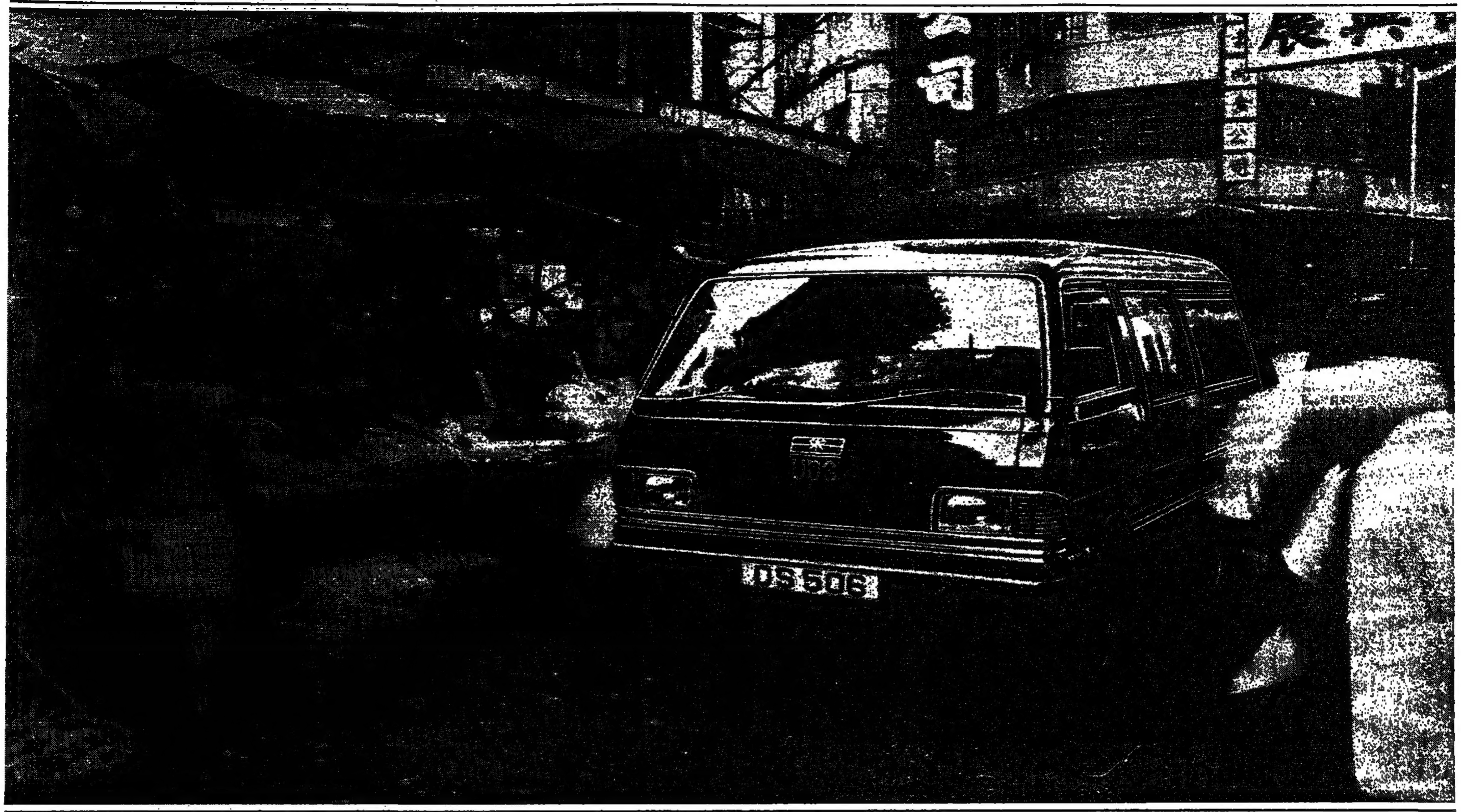

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UK NEWS

Dr Gerald Bull co-ordinated manufacture of weapon, say officials

Gulf war origins of the super-gun

By Victor Mallet and David White

IRAQ'S project to build what is thought to be a gigantic gun with the help of Dr Gerald Bull, the Canadian artillery expert shot dead by an unknown assassin in Brussels last month, goes back to the early days of 1988, when Iraq was still at war with Iran.

Dr Bull's Space Research Corporation, which has an office in Brussels, co-ordinated the plans for the manufacture of the gun, according to the UK Customs officials who seized parts for a suspected 40-metre gun barrel at the docks in Teesport, Middlesbrough, last week.

No-one from SRC in Canada or Belgium was available for comment yesterday, but two British metal forging companies under investigation by customs – Forgemasters Engineering and Walter Somers – have confirmed SRC's involvement in the affair.

In the first half of 1988, a preliminary meeting was held at Walter Somers' premises near Birmingham, according to Forgemasters. Those present included a Dr Christopher Cowley of SRC – he has now apparently left the company – and representatives of the two UK companies.

Dr Cowley outlined the different tasks of the two companies for the project, which Forgemasters and Walter Somers believed to be for a petrochemicals plant.

A subsequent meeting was held in Brussels in June 1988, at which executives of the Forgemasters parent company Sheffield Forgemasters were present.

Forgemasters says it contacted the UK Department of Trade and Industry about the project at this point, and continued to keep the DTI informed. The DTI has so far made no comment.

Walter Somers says that SRC and ATI (the initials are thought to stand for Advanced Technological Institute) acted as agents for Iraq and provided technical data and drawings for the various orders. Like SRC, ATI is connected to Dr Bull, Walter Somers says.

Both companies have several branches around the world; there are also some companies called ATI unconnected with Dr Bull.

After mid-1988 Forgemasters manufactured a series of 52 pipe sections, eight of which were seized as the suspected barrel of the Iraqi gun. The other 44 are in Iraq. Forgemasters insisted yesterday that its pipes were for a petrochemicals plant.

Walter Somers provided a range of equipment, including metal pipes, special lubricants, honing stems which could be used for polishing the inside of a barrel, and hydraulic equipment which might have been a recoil device. Other companies in Europe may also have contributed to the Iraqi project.

Also in 1988, PRB, a Belgian munitions company already involved with Bull, signed a propellant contract using technical specifications from ATI of Athens. The declared destination was Jordan, Iraq's neighbour and ally.

By August 1988 the Gulf war was over, but President Saddam Hussein's ambition to develop Iraq's nuclear, chemical and conventional military capabilities was undimmed.

In September last year Astra, the British fireworks and munitions company, bought PRB from Gechem, a subsidiary of Societe Generale de Belgique. Astra subsequently became suspicious about the Jordan contract and reported it to the British Government, which informed the Belgian authorities.

In October, Walter Somers, a subsidiary of the Eagle Trust mini-conglomerate, received an inquiry from Iraq about the possibility of a further order.

On March 22 this year Dr Bull was murdered. Walter Somers was told earlier this month that Iraq wished to proceed with the order, but by now Walter Somers executives were suspicious.

"Re-evalued in the light of subsequent events and publicity there was concern that the component described in the order might be used as positioning or aiming device," said Walter Somers yesterday.

Walter Somers and Eagle Trust say they then agreed to notify the British authorities. DTI officials met Walter Somers directors to discuss the matter on April 9. On April 11 British Customs officials announced that they had detained eight pipe sections made by Forgemasters and destined for Iraq, on the grounds that they appeared to be a huge gun barrel. Customs and Excise also seized documents from Forgemasters and Walter Somers.

Despite yesterday's disclosures, it is not yet known exactly how much Iraq has managed to obtain for the gun project and what it has yet to acquire.

Credit halted for Astra's Belgian unit

By Jane Fuller and Tim Dickson

ASTRA Holdings, the beleaguered UK munitions and fireworks maker, has been told that the main bankers to its loss-making Belgian subsidiary PRB, which has been connected with the Iraqi gun allegations, have suspended credit to that company.

Mr Roy Barber, recently appointed chairman of Astra, said the Générale de Banque and the Banque Indosuez Belgique planned to terminate PRB's credit facilities today. This could mean the banks asking for the repayment of between £10m and £14m in debts. The action could lead to PRB, which employs about 1,500 people, going into receivership.

Astra bought PRB last September from Gechem, a subsidiary of Société Générale de Belgique. It paid £1m for the share capital and repaid more than £20m in inter-company debt. It had believed PRB was going to make a profit of more than £2m in 1989, but alleges that it later discovered that PRB made a loss of nearly £12m.

Mr Barber said Astra would not pay out a penny more. "We have neither the obligation nor the intention to do so."

Over the past six months, the UK group had tried to reach an amicable solution with Gechem, SGB and the bankers to try to ensure the subsidiary's survival. "Unless SGB makes constructive proposals, Astra has no choice but to pursue all available remedies," he said.

The directors of SGB have denied all allegations about PRB made by Astra. Mr Hervé de Carmoy, SGB's chief executive and chairman of Gechem, said the rebuttal of all the claims was "unambiguous". There was more than a year between the first contact and the final agreement, "there was very deep discussion," said Mr de Carmoy, implying that the purchasers had ample time to uncover anything untoward.

Sources close to Gechem said that the contract between Astra and Gechem only included a warranty for the 1988 financial results. These had not been challenged.

As for 1989, the agreement said that a sum of BFr 150m (£2.6m) would be deducted from the purchase price if PRB did not meet its profit forecast. It had been agreed that this would not be paid.

Gechem's managers believe that the blame should be laid at the poor management of the acquiring company.

The money for Astra's purchase of PRB was raised via a one-for-two rights issue in July. The rights issue document pointed out that PRB had made a loss in 1988 of £12.6m on sales of £88.6m. It also implied that PRB, which had undergone considerable reorganisation, would make a profit in 1989 of £2.3m.

The revelation of Astra's financial troubles, which include losses in the UK, has been accompanied by the resignation from the board of all five of the executive directors who had led the company since it joined the stock market in July 1986.

Ministry of Defence police are investigating contractual irregularities involving Mr Chris Gumbley, who resigned as managing director in mid-March.

BRITAIN IN BRIEF

Thatcher undeterred by Mandela

MRS Margaret Thatcher, the Prime Minister, though taken aback by yesterday's strong attack by Mr Nelson Mandela, the black South African nationalist leader, on her sanctions policy, yesterday let it be known that it would not deter her from going to South Africa.

British officials said Mrs Thatcher still hoped to have talks with Mr Mandela despite his warning that she would not be welcome in South Africa until a deal had been reached between the African National Congress and the government.

At Monday's televised rock concert in Wembley stadium to celebrate his release in February after 27 years of imprisonment, Mr Mandela called for a reinforcement of economic sanctions against South Africa.

Tokyo insurer buys UK stake

Tokyo Marine and Fire Insurance, the leading Japanese non-life insurer, is to take a 2.9 per cent stake in Commercial Union in a move likely to strengthen the defences of the UK composite against a hostile bid.

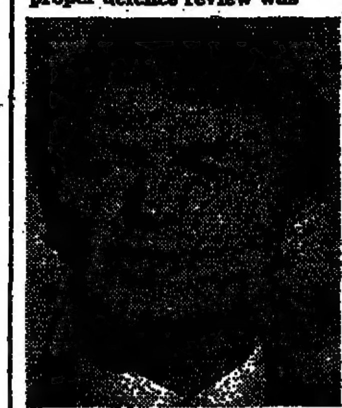
Commercial Union has been the frequent subject of takeover speculation, in the past usually centred on the 14.5 per cent stake held by Sun Alliance, the largest UK composite insurer.

The UK company said yesterday that to underline the long-standing friendship between the two companies Tokyo Marine had purchased 12.3m shares in Commercial Union and Commercial Union had bought 3.4m shares in Tokyo Marine. The two companies have also reached an agreement to support each other in the other's home market.

Defence order delays attacked

MR Paddy Ashdown, leader of the opposition Liberal Democrat party, yesterday criticised the Ministry of Defence for delays in confirming orders for the Anglo-Italian EH101 military helicopter.

Mr Ashdown, whose Yeovil constituency includes the Westland plant where the helicopter would be manufactured, also said a proper defence review was required for correct decisions to be made on procurement issues such as the EH101 helicopter.



Ashdown: criticising MoD

In a speech in Yeovil, Mr Ashdown warned that delays in confirming orders for the EH101 would weaken Britain's defences, waste taxpayers' money and cause problems to the management of the project.

Tale of two northern cities

THE perpetual row about whether Manchester or Leeds is emerging as the true capital of northern England is about to take another turn.

A forum has been set up by 29 leading companies and firms in Yorkshire and Humberside to encourage financial services such as banking, venture capital and stockbroking to develop outside London.

The forum already claims to represent "the most important financial centre outside London." This is sure to bridle with the larger numbers of professionals, particularly in banking, who work in the "square half-mile," an area of central Manchester which styles itself as the north's miniature version of the City of London.

Teachers face confrontation

LEADERS of the National Union of Teachers were facing a confrontation with the union's members last night after losing overwhelmingly a crucial vote commiting the union to national strike action.

Delegates at the union's annual conference in Bournemouth voted by 106,280 to 74,057 in favour of national strike action over compulsory redundancies. However, Mr Doug McAvoy, NUT general secretary, said the executive would not conduct a national strike ballot.

"The executive will not be implementing any decision of conference which will take the Union outside the law," said Mr McAvoy, who argued that a national strike over local redundancies would be illegal secondary action.

More businesses in liquidation

The number of businesses going into liquidation has risen substantially, echoing the even more marked rise in receiverships which was reported last week. According to figures yesterday released by accountants KPMG Peat Marwick McLintock, 1,800 companies went into creditors voluntary liquidation in the first three months of this year, 27 per cent up on the same period in 1989. The number of receiverships over the same period more than doubled. The liquidation figures are less dramatic since there is always a core of businesses going into liquidation whatever the economic climate, Peat said.

Yuppies turn into 'Yappies'

The days are numbered for the whizzkids of the 1980s. The young professional – yuppies – and dual income no kids – dinkies – have been overtaken by a new species labelled "yappies" by a British research organisation.

Yappies are the creation of the Henley Centre, the research organisation which plots changes in social and spending trends. They are the yuppies who in the 1980s prefered to be seen carrying a mobile phone rather than a baby and who, Henley suspects, should turn into indulgent mums and dads, the yappies of the 1990s.

Yappies are partly the products of the last baby boom in the 1960s who are now entering their 20s and are starting to have babies of their own. They are also the legacy of social change. The growing number of working women means that people are not only waiting until they are older to have children, but have more money to spend on their babies when they are born.

Henley has reeled off reams of facts and figures. The British "parent population" will increase by 750,000 between now and the year 2000. The average age at which women have their first child is getting higher and the number of working mothers is rising rapidly.

Hendrix guitar goes to auction

THE guitar made famous for being played upside down is expected to fetch up to £70,000 when it goes on sale in London next week.

Jimi Hendrix's Fender Stratocaster guitar, played in the unorthodox manner at the Woodstock Festival in 1968, will be part of Sotheby's "rock 'n' roll" sale.

Hendrix was famous for smashing or setting fire to his guitars but this one survived.

The sale is expected to raise more than £500,000. Other items include Elvis Presley's 1966 Rolls-Royce Silver Cloud and an ivory-draped evening gown that belonged to Marilyn Monroe.

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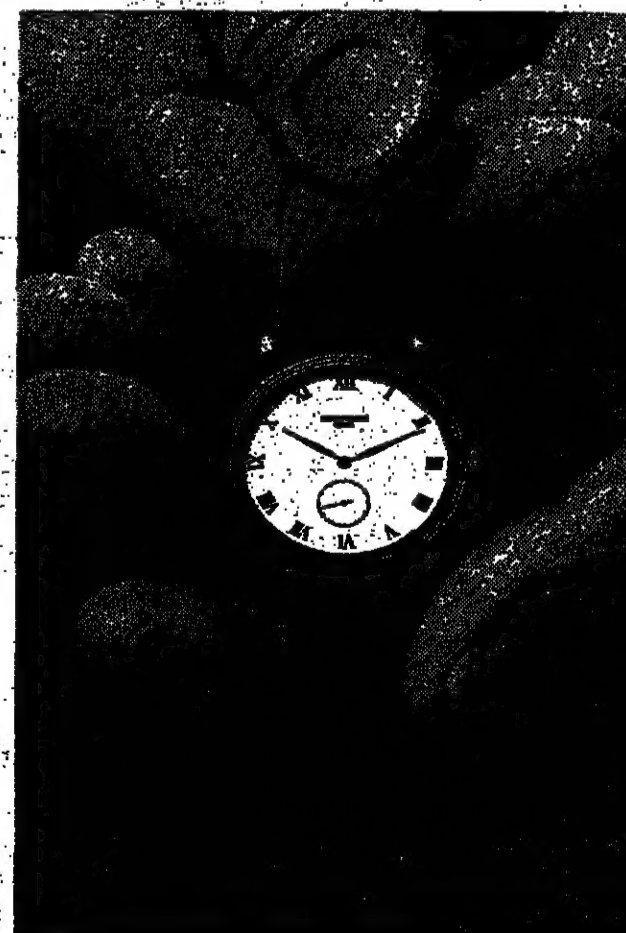

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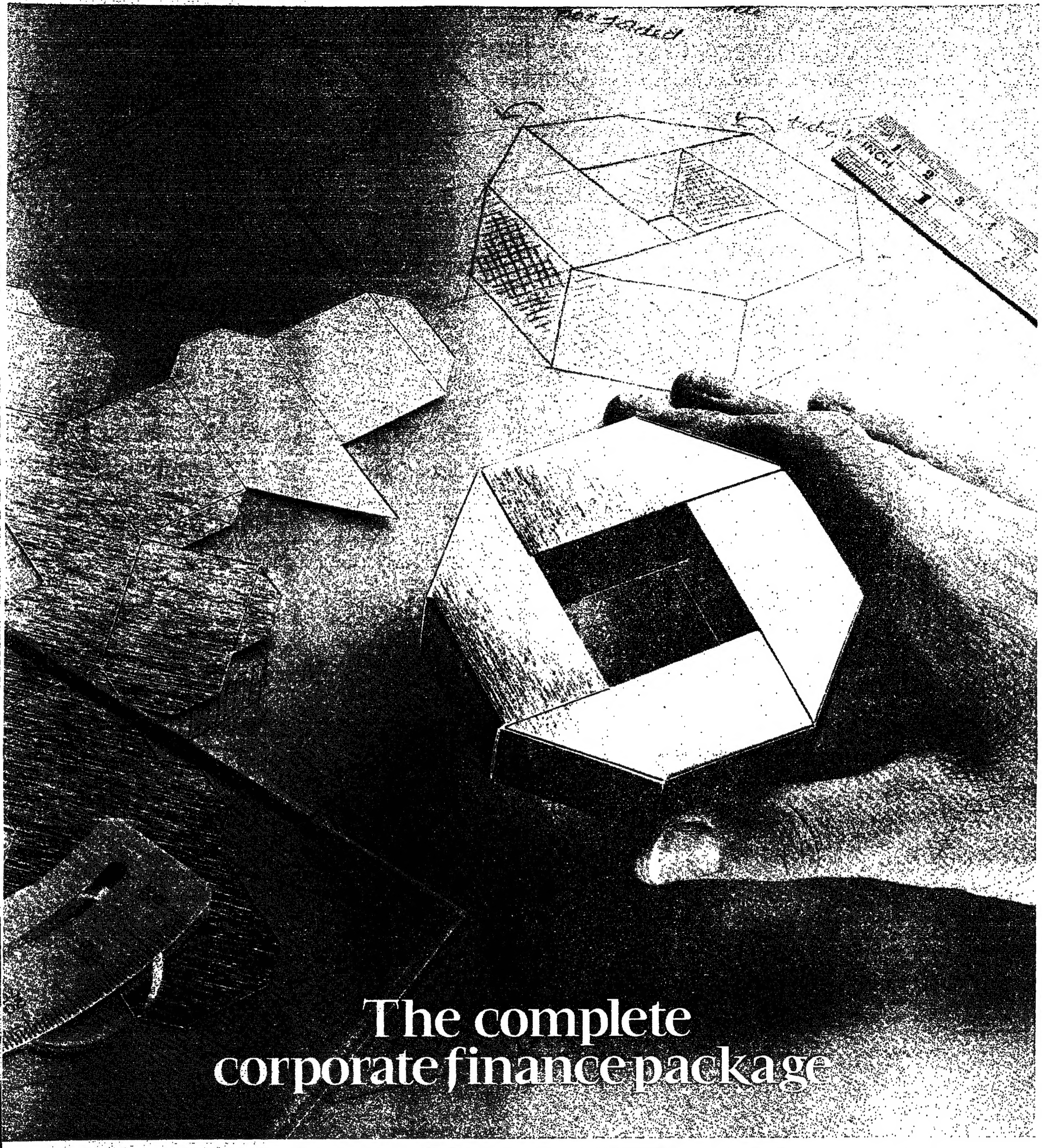

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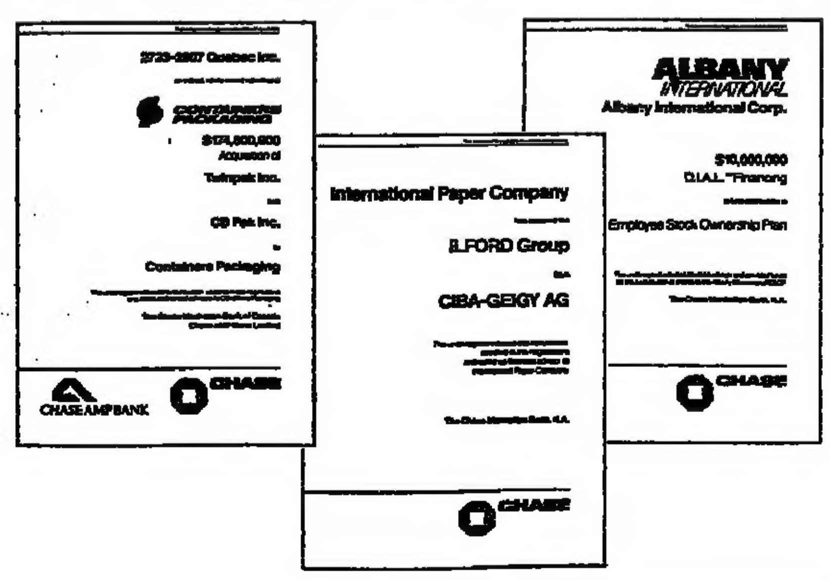

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CHASE

Babcock alliance with Ahlstrom in power market

By Maurice Samuelson

AHLSTROM PYROPOWER of San Diego, a leading supplier of clean coal-fired power stations, is to reduce its presence in Britain where its advanced combustion technology will in future be marketed by Babcock Energy, part of Babcock International.

In return, Babcock's combustion products will be marketed in the US by Ahlstrom Pyropower.

In a joint statement yesterday, the two companies claimed they were joining forces to promote advanced combustion technology for Britain's next generation of clean coal fired power stations.

Ahlstrom Pyropower is part of the Finnish-owned Ahlstrom group which specialises in circulating fluidised bed (CFB) technology for clean and efficient combustion of a wide range of fuels. Babcock is one *of Britain's leading boiler manufacturers.*

The deal, which also embraces cross licencing arrangements, is believed to reflect Ahlstrom's recent difficulties in the US where *demand for coal-fired power* stations has been hit by worries over the "greenhouse effect" and proposals for a carbon tax.

With nearly 30 units under construction in the US, Europe the Far East and Middle East, the group claims to have the biggest share of the world market, although Lurgi of West Germany surpasses it in generating capacity supplied.

In Britain Ahlstrom has been pinning its hopes on British Coal's plans for a chain of "green" power stations at collieries.

The Ahlstrom-Babcock alliance, like a number of recent mergers and trading links, reflects the sharpening competition *for an increasingly* sophisticated power station market highlighted by the radical restructuring of the electricity industry as part of privatisation proposals.

● The Government has *approved a second* large gas-fired power station at Killingholme, South Humberside, to help meet electricity demand and tighter standards on atmospheric pollution during the 1990s. The plant will be built *by National Power for about* £250m.

Eurotunnel near halfway mark despite rising costs

David Lascelles reports on the progress of a new financial package for the Channel tunnel

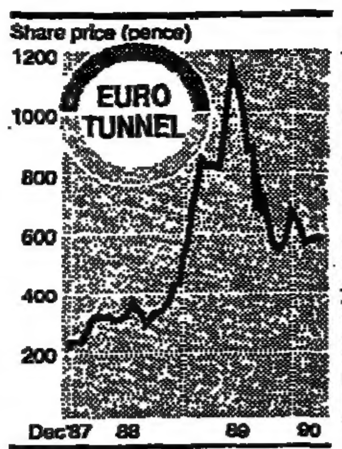
Within the next fortnight, Eurotunnel hopes to achieve the halfway mark in the *150km of tunnels it is boring under* the Channel. That achievement will follow a period of record progress and will mark a welcome change from the stresses and strains earlier this year when Eurotunnel had a major row with its contractors over cost overruns, and came close to collapse.

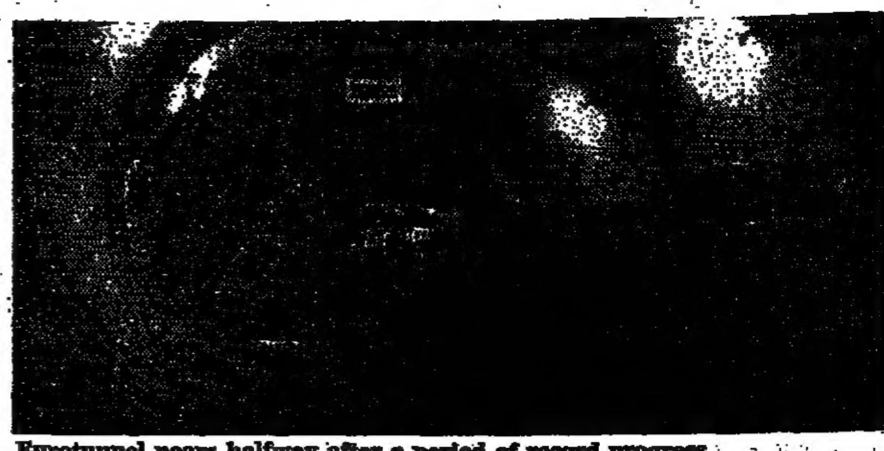
But the coming weeks will also bring to a head the delicate negotia*tions over the new finance which the* company now needs to meet those overruns. Worsening economic conditions and the sheer technical problems of raising such a large sum of money have increased the size of the task.

For several months, Eurotunnel has been in technical default on the terms of its £5bn financing package with a group of 208 banks. But in January the banks agreed to a waiver lasting till the end of next month to allow the company to put together proposals for *new money.*

It is now evident, however, that the deadline will not be met. The 22 "instructing banks" who lead the syndicate met last week to be briefed on the position. But despite the reservations of some banks, the likelihood is that they will recommend a further waiver lasting till next September to give Eurotunnel the summer period in which to piece together its plans.

Part of the reason for the delay is that both Eurotunnel and the banks are awaiting up-to-date reports from the project's consultants as well as new projections on likely traffic.





Eurotunnel nears halfway after a period of record progress

These will, on the whole, provide good news and should form the basis of the new package. Progress on plans to build the fast link between London and the Channel will also help.

But the banks are also taking a *more cautious view.* They have "hardened" their economic model for the tunnel because of the worsening business climate. For example, they have raised the real interest rate assumption from three per cent to four per cent, which is significant for a project which is as heavily borrowed as Eurotunnel.

All this is adding to upward pressure on the amount of new finance that Eurotunnel needs to raise. Whereas the company was talking about £1.5bn at the beginning of this year, company sources now say that "at least £2bn" will be needed in order to create a sufficient reserve.

However Eurotunnel's bankers seem much more confident about the prospects for the tunnel than they did during the crisis in January. Mr John Melbourn, chief executive of corporate and institutional banking at NatWest, one of the agent banks to the syndicate, said: "We believe it is well-founded and has a good chance of being completed on or near time." The parameters of the new financing package were acceptable to NatWest, he said.

He also countered suggestions that the banks had reservations about Mr Alastair Morton, the forthright chief executive of Eurotunnel, who was blamed for much of the acrimony between the company and the contractors. "If Alastair Morton went, it would send deep concern through all the 208 banks," he said.

NatWest's support must be particularly welcome to Eurotunnel. It is believed that NatWest, exasperated by the constant warring, was responsible for asking the Bank of England to *mediate between the company* and the contractors last January.

Among other groups of banks, the continentals are reported to be generally supportive. Deutsche Bank, for example, has said it views Eurotunnel as an infrastructural project of European importance. The virtual absence of US banks from the consortium is also seen as a plus now because of growing worries about the state of the US banking market back home.

Although Japanese banks, who are advancing 30 per cent of the finance, have been making hawkish noises, European bankers report that they appear more positive and cohesive round the table. "I just don't think that Japan Inc. can afford now to let this project fail," said one European.

Another issue is whether *the European Investment Bank*, the government-owned bank which finances infrastructural *projects*, should become more deeply involved – a rather sensitive question since Eurotunnel is supposed to exist without official support. The EIB accounts for £1bn of the £5bn of Eurotunnel's finance, but the money is secured on letters of credit from the commercial banks so EIB takes no risk. But though a deeper EIB commitment would take *some of the financial* pressure off Eurotunnel, it would probably be unacceptable politically.

The financial package will be three quarters bank finance and one quarter equity or its equivalent, which means that shareholders will now be asked for at least £500m under the revised estimates. Some concern has been expressed as to whether Eurotunnel can mount a rights issue while the large claims – about £380m – which still exist from the contractors remain unarbitrated. But Eurotunnel takes *the view that arbitration* is such a long and complex business that it cannot be allowed to affect financing plans.

Eurotunnel still hopes to go ahead with the equity issue in October or November, to coincide with the moment when the *French* and British sides meet under the Channel, an occasion that will give the tunnel its biggest fillip yet. The completion target for the tunnel remains mid-1993.

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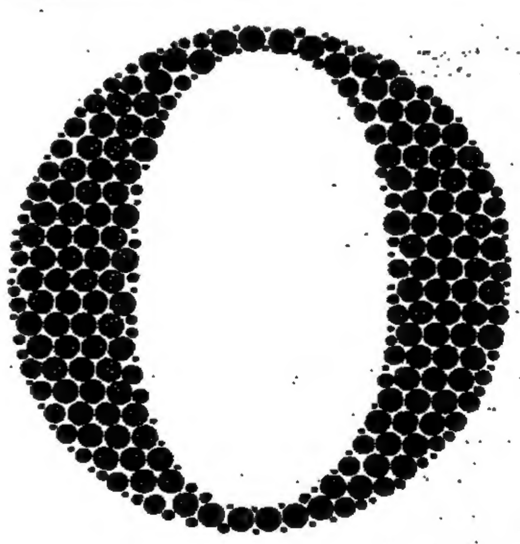

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THE POSSIBILITY MADE REALITY.

TV companies told to expect European bids for franchises

By Raymond Snoddy

UP to a quarter of the UK's 16 ITV companies could lose their franchises next time round and companies from the European Community are likely to take the opportunity either to bid for franchises or takes stakes in existing ITV companies.

The predictions came yesterday in a report, Investing in UK Television, from the media group of Coopers Deloitte, the accountants and management consultants.

"At no time since commercial began in the UK in 1955 has there been such an opportunity for new companies to enter the market," Mr George Eccles, chairman of the media group argues.

The Coopers report says the advantages the existing ITV companies may have will not be enough to ensure licence retention.

Mr Kip Meek, head of the Coopers Deloitte franchising unit, says that valuing the new franchises will be extremely hazardous and that there is a danger of several successful applicants overbidding to avoid losing out. Lack of profitability could then threaten their survival.

"Despite the Government's protestations I do not believe that the broadcasting bill has sufficient safeguards to avoid a repetition *of experience in Australia*," Mr Kip Meek argues. In Australia the main commercial networks were taken over by people inexperienced in broadcasting at prices which turned out to unsustainable.

The Coopers Deloitte report which will be issued to 7,000 delegates at the MIPTV market in Cannes, France, later this week predicts that the new Channel 3 franchises will be *less profitable* than the existing ITV franchises and that the new Channel 5 will require a high level of initial investment.

The management consultants do however believe that cable television will increase its penetration in the UK although it is still rated a speculative investment.

British Midland likely to expand European routes

By Paul Betts, Aerospace Correspondent

BRITISH Midland, the second-tier UK airline, is *expected to announce today* plans to expand its European air services including its long-awaited decision to start a regular service between London Heathrow and Paris.

The move is likely to intensify competition on *short haul* European routes and especially on the very busy London-Paris route.

British Midland's plans are likely to put pressure on British Airways and Air France, which have so far dominated the Heathrow-Charles de Gaulle, Paris, route. Dan Air and Air Europe also serve Paris from London Gatwick but not Heathrow.

The British Midland move is *expected* to be welcomed by the European Commission, which has been anxious to increase competition and consumer choice in European air transport. The EC is worried that its gradual liberalisation *of European air transport* risks being undermined by the recent spate of consolidations and partnership agreements between large European airlines.

Mr Michael Bishop, British *Midland* chairman, has long campaigned for increased competition in European air transport and recently *opposed* BA's plan to acquire a 20 per cent stake in Belgium's Sabena World Airlines. British Midland has also objected to the acquisition by Air France of a controlling stake in UTA, the private French long distance airline, and in Air Inter, the domestic French carrier.

Although *Scandinavian* Airlines System (SAS) owns a 25 per cent minority stake in British Midland, the second tier UK airline regards itself as an independent carrier intent to pursue a vigorous strategy of challenging BA and other big European carriers on domestic UK routes as well as high *volume* short distance European routes such as London-Paris and London-Amsterdam.

Government to permit new UK onshore oilfield

By Steven Butler

MR PETER Morrison, energy minister, yesterday gave the go-ahead for development of *the Whisby oilfield, an onshore* field south west of Lincoln, in eastern England.

The field will be developed by Midland Oil and Gas, a wholly owned subsidiary of Blackland Oil which acquired *licences* covering the *Whisby* field from British Petroleum last year.

East Midland will pursue a four-phase development of the field, with phase one costing £600,000. Total investment would reach £2.55m should all four phases proceed.

Oil production should start in three to four weeks from exploration wells currently in place, with oil taken to market in tanker trucks.

Recoverable reserves of the field are estimated at between 0.9m and 2.5m barrels, which would be produced over a period ranging from seven to 13 years. Production would reach an initial rate of between *300 and 400* barrels a day.

Relatively small oil and gas reservoirs can be developed profitably onshore because of lower investment and operating costs. However projects tend to be subject to long delays because *of the difficulty* of obtaining local authority planning consent.

Mr Morrison yesterday praised the environmental record of onshore oil developments in the UK.

Blackland is a small independent company with a relatively large presence in UK onshore exploration. It is 22 per cent owned by Mr Rupert Lycett-Green, who is also chief executive.

Mr Lycett-Green said local authority planning consents had taken *about nine months* to obtain. He said the development would make relatively little impact on the area, which while mainly rural, is close to other industrial facilities and busy roads.

East Midland has a majority interest in the field. Its partners are Edinburgh Oil and Gas and British Gas.

MANAGEMENT

French management culture

Tradition still rules the roost

Behind a free-wheeling facade, corporate attitudes are fundamentally unchanged, Guy de Jonquières reports

When Pechiney, the large French aluminium company, acquired American National Can for $1.3bn in late 1988, Michel Rocard, the prime minister, convened a special televised press conference to acclaim the deal as a triumph for industry and for the nation.

The episode says much about the shift in French attitudes during the 1980s from suspicion to admiration of business enterprise. Profit, once a dirty word, has become not merely respectable but even fashionable, as newly self-confident French industries have cast aside lifelong inhibitions and set out to conquer international markets.

The changed mood is palpable in the media worship of go-getting entrepreneurs such as Bernard Tapie; in French executives' growing familiarity with American management jargon; in the swelling flow of young high-flyers from state service into industry; and in the steadily longer lines of candidates seeking to enter French business schools.

Yet this sudden enthusiasm for free-wheeling capitalism has not fundamentally changed the style and attitudes of French management, according to a book* by two academics from Loughborough University. While generally impressed by the ability of the country's managers, the authors find them still steeped in rules, values and practices deeply rooted in national tradition.

Their researches reveal a managerial world governed by what, to Anglo-Saxon eyes, appear stultifyingly elaborate hierarchies and rituals and an obsession with status and job security. Most French executives are found to enjoy restricted career mobility and promotion prospects, while the lucky few who make it to the top rule over their empires with autocratic aloofness.

By far the most important determinant of a French manager's career, the authors conclude, is not his performance on the job but his educational credentials. "In most countries, educational pedigree is simply an entry ticket into a company. But in France, it is an employment passport which often constitutes an assurance for life," the book says.

Furthermore, the value of a diploma is judged largely by the prestige of the awarding institution. Ordinary universities are regarded with disdain by French corporate recruiters; for the aspiring executive, attendance at one of the better *Grandes Ecoles*, (high-powered vocational training schools), is almost obligatory.

The prowess of the *Grandes Ecoles* rests heavily on their rigorous admission procedures, which weed out all but the most brilliant candidates. The intensely cerebral quality of the education they provide also informs French attitudes to management, which is viewed primarily as an intellectual rather than a practical challenge, to be resolved by the remorseless application of individual brainpower.

In management hierarchy, "the essential criterion in determining prestige seems to be the degree of immateriality of the task," the authors say. Hence, electronics carries more kudos than heavy electrical engineering, and finance, marketing and corporate communications are more highly esteemed than production or purchasing.

In that sense, France may seem to resemble Britain. However, the authors claim to perceive an important distinction. French managers, they say, are motivated by respect for abstract and conceptual thinking, while British ones merely reflect a national tendency to regard industrial production as a lost cause.

One of the most interesting chapters deals with relations in the office. These are governed by a stiffly formal code which seems intended to minimise human intercourse. Open plan offices and fraternisation outside working hours are rare, business correspondence is encrusted in an ornately impersonal style and the *patron* (boss) remains a remote, omnipotent and somewhat forbidding figure.

Even the colloquial *tu* (rather than *vous*) form of address is used less to denote chumminess between colleagues than to keep outsiders in their place. "From an Anglo-Saxon standpoint, the deliberate restraint and rigmarole of French office life would make it *quite* unbearable," the authors say. "However, in the French mind this lesser investment of the 'self' is considered a means of preserving personal choice and independence."

The almost despotic power vested in the *patron* – the authors draw political parallels with President de Gaulle – is tolerated for similar reasons. "Individuals are quite prepared to accept the arbitrary decisions of a distant leader since it provides direction and guarantees independence." In other words, the freedom of the individual manager is preserved by his apparently rigid working environment.

In the race to scale the commanding corporate heights, education again emerges as decisive, with the most accomplished young scholars earmarked for rapid promotion early on. Above all, the system favours members of the *Grands Corps*, composed of the top graduates of the Polytechnique and the Ecole Nationale d'Administration, the two most illustrious *Grandes Ecoles*.

These super-élites are bound together by a shared interest in power, exercised and preserved through privileged contact networks and a system of patronage which span the public and private sectors. Their highly versatile members continue to occupy many of the top jobs in government, both as civil servants and ministers, and in industry, particularly in old-established companies such as Saint Gobain, Suez and Société Générale.

For ordinary mortals, the going is tougher. Indeed, the book concludes that the only ways for the average manager to rise quickly through the ranks are to join the French subsidiary of a foreign company, to gain experience working abroad or to set up their own firm. However, restricted mobility between companies makes it hard to use success in any of these endeavours as a springboard into the mainstream of French industry.

So, what of the "new breed" of gung-ho French manager, beloved by French business magazines, which is widely supposed to have emerged in the 1980s? The book concedes there has been a change in atmosphere which has made French managers more outward-looking and has led to the public lionisation of entrepreneurial empire-builders such as Bernard Tapie and Vincent Bolloré.

However, it warns, much depends on the continuing success of such self-made men; if they stumble, the mood could suddenly change. "Beneath the vociferous support, French capitalism is ... highly susceptible to a reversal of values."

"Oddly enough, much of the danger comes from the *patrons* themselves – outwardly they join in the chorus of openness or mouth the latest buzzwords; but privately they resent the invasion of American-style values. In private conversations, a number of managers ... were simply waiting for the whole thing to blow over and for 'normal service' to be resumed."

Perhaps they will be proved right. But the book arguably under-estimates the depth of the change in French managerial culture stemming from the Socialist government's retreat from a long tradition of assertive interventionism, its growing enthusiasm for the market and French industry's increased exposure to international competition.

With the advent of a single European market, these trends seem unlikely to be reversed. Even managers of nationalised companies have come to enjoy autonomy without precedent in French history. None the less, state/industry relations in France remain more intertwined than in any other EC country; the book could usefully have explored how far government influence extends nowadays, and just how it is exercised.

It also has almost nothing to say about corporate governance. One is left wondering what pressures stimulate France's top industrial managers to perform if, as the authors claim, many of them are virtually a law unto themselves. Can such lordly isolation survive heightened shareholder expectations and growth of hostile takeovers engendered by deregulation of French financial markets?

One of the most interesting issues for the future is how French managers will respond to the demands of an increasingly international business environment. In the past two years, French companies have sought to overcome an excessively narrow concentration on their home market by rushing to make large takeovers in Europe and the US.

The French have shown they know how to buy – albeit often at high prices. The real test will be their success in managing and integrating effectively acquisitions in countries with business cultures very different from their own. It is still an open question whether Gallic adaptability will rise to the challenge, or whether the highly distinctive nature of French management will prove a handicap when it comes to coping with the world outside.

* *Management in France, by Jean-Louis Barsoux and Peter Lawrence. Cassell, £19.95.*

The role of the patron, as perceived by Sempé

A defence initiative comes down to earth

Simon Holberton reports on a strategy designed for companies vulnerable to takeover

Imagine this.

You are the chairman of a public company. You and your board control less than 5 per cent of the company's stock. A US mutual fund, not known previously for its loyalty, is sitting on a block of 15 per cent of your stock.

It gets worse. You had a disastrous 1989. Within your sector your price to earnings ratio – share price as a multiple of earnings per share – is far below the average, indicating that you have few fans in the City. The financial press has questioned your management skills.

Worse still, it would be easy to dismember the company. One division in particular could easily be sold. Within your sector there is another company to which you appear, on paper at least, to be the copybook definition of synergy.

Financially, though, your company is not on its knees. It generates a positive cash flow and your balance sheet is sound; debt represents just 20 per cent of shareholders' funds. Unfortunately, your financial prudence has only made you a more attractive takeover target.

You have just been taken through an analysis designed to rate you in terms of your susceptibility to takeover. Out of 100, you have scored 94 on the "vulnerability index," which makes you very close to being the perfect takeover target.

You are an actual company but, for the purposes of presentation, Richard Koch and Adrian Blackshaw, who developed the index and the analysis to go with it, have withheld your name.

Koch and Blackshaw have drawn up a list of the 100 most vulnerable-to-takeover companies in Britain. Of the top 25, 16 appear in the FT-SE 100 Share Index.

Koch is the K in LEK, a fast-growing management consultancy in the 1980s which he left in October 1988 to start Strategy Ventures, 15 per cent owned by Tramwood, the listed consultancy. Blackshaw is the managing director of Blackwood, the investor relations subsidiary of Tramwood.

Koch and Blackshaw have developed their system of analysis not to assist potential predators but to provide vulnerable companies with a basis for formulating a defence. It is called the Strategic Defence Initiative but the unwelcome rockets it is designed to intercept are not the ones that kept Ronald Reagan awake.

The service they offer is a blend of investor relations and a detailed analysis of the company and the markets in which it trades. It is based on their belief that being prepared for a bid can provide management with a psychological advantage over the predator and that, in the final analysis, prevention can sometimes forestall the cure.

Aside from their initial assessment of vulnerability to a hostile bid, based on stock market ratings and an analysis of a company's share register, Koch and Blackshaw say they offer a potential customer four things.

- A strategic diagnosis of the company. This looks at the segments of a market in which the company trades and attempts to compare the company's performance relative to its competition.
- A valuation of the company, which disaggregates the various operating units of a business and asks what they are worth to a potential buyer.
- An analysis of investment institutions' perceptions of the company and their likely behaviour in the event of a bid.
- A plan of action which would embrace the lessons learned from the foregoing.

Like all protection, the services of Koch and Blackshaw are not cheap. The full SDI treatment, which would require six professionals working half-time for two months including expenses, will cost £160,000 to £170,000. "We don't intend to work for many people and not for companies which compete with each other in a sector," Koch says.

But are they making an offer too good to refuse? Although Koch and Blackshaw are billing SDI as an essentially defensive service, they will be open to companies and/or investors who are looking for prospective takeovers. They say they will not discuss clients with others and that a client will be given a 2-year "hands off" guarantee effective from the day SDI finishes working for them.

"If we've done the research and incurred the expenses and all we do is meet the company and they have given us no confidential information then our time and energy can be used elsewhere," says Koch. "But it is an act of commercial sense that we wouldn't promote them as a takeover; if someone approaches us then that would be different."

MONOPOLIES AND MERGERS COMMISSION REPORT ON CREDIT CARD SERVICES

Notice published by the Secretary of State under section 91(2) of the Fair Trading Act 1973.

Proposed Orders under sections 56(2) and 90(2), (3) and (4) of, and paragraphs 1, 2 and 4 of Schedule 8 to, the fair Trading Act 1973 in relation to credit card services in the United Kingdom.

1. Section 91(2) of the Fair Trading Act 1973 ("the act") requires the Secretary of State, before making an order under section 56 of the Act, to publish, in such manner as appears to him to be appropriate, a notice:

(a) stating his intention to make the order;
(b) indicating the nature of the provisions to be embodied in the order; and
(c) stating that any person whose interests are likely to be affected by the order, and who is desirous of making representations in respect of it, should do so in writing (stating his interest and the grounds on which he wishes to make the representations) before a date specified in the notice (that date being not earlier than the end of the period of thirty days beginning with the day on which the publication of the notice is completed).

2. The Secretary of State is required by section 91(2) of the Act to consider any representations duly made to him in accordance with the notice before the date specified in the notice.

3. The Secretary of State accordingly gives notice that following receipt of the report of the Monopolies and mergers Commission entitled "Credit Card Services - a report on the supply of credit card services in the United Kingdom" ("the report") presented to Parliament by the Secretary of State for Trade and Industry by command of Her Majesty on 22 August 1989 (cm 718) he intends to make two Orders under sections 56(2) and 90(2), (3) and (4) of the Act for the purposes of remedying or preventing adverse effects specified in the Report, one ("the First Order") being made under paragraphs 1 and 2 of Schedule 8 to the Act and the other ("the Second Order") being made under paragraphs 1,2 and 4 of that Schedule.

Summary of proposed Orders

4. The First Order will make it unlawful for any person to make or carry out any agreement relateding to credit cards to the extent that it imposes or requires the imposition of a "no discrimination rule". A "no discrimination rule" prohibits merchants from charging different prices for their goods or services to those who pay by credit card rather than by another means of payment. All such existing agreements must be terminated.

5. The Second Order will make it unlawful for any payment card organisation to make or carry out any agreement or arrangement to the extent that it prohibits a payment card issuer from acting as a merchant acquirer with respect to credit cards before it achieves a card issuing target. It will also prohibit a payment card organisation from making or carrying out any agreement or arrangement to the extent that it prevents or has the effect of preventing a payment card issuer from acting as a merchant acquirer from the date on which the issuer commences to carry on business in the United Kingdom as an issuer, or from withholding supplies or services relative to the conduct of the business of merchant acquisition, unless the payment card organisation has reasonable grounds to believe that the card issuer is not capable of efficiently conducting the business of merchant acquisition.

6. The nature of the provisions to be embodied in the First Order is as follows:-

(a) three months after the coming into force of the Order it will be unlawful for any person to make or carry out any agreement relating to credit cards to the extent that it
(i) imposes or has the effect of imposing any prohibition or restriction on the charging by any party to the agreement of prices for credit card transactions which differ from the prices charged by him for other transactions;
(ii) requires or has the effect of requiring any party to the agreement to charge prices for credit card transactions which are the same as prices charged by him for other transactions; or
(iii) requires or has the effect of requiring any party to the agreement to include in any other agreement made by him relating to credit cards a prohibition or restriction falling within subparagraph (i) above or a requirement falling within subparagraph (ii) above.

(b) all such agreement must be terminated within three months of the coming into force of the Order.
(c) "credit cards transaction" will mean a transaction under which goods, services, accommodation or facilities are supplied in return for payment by the use in the United Kingdom of a credit or by the use in the United Kingdom of any other type of card which on its own enables the holder to pay for goods, services, accommodation or facilities, bears a trade mark or service mark identical to that of a credit card and is not readily distinguishable from such a credit card.

Details of Second Order

7. The nature of the provisions to be embodied in the Second Order is as follows:

(a) If a payment card organisation permits its payment card issuers to act as merchant acquirers with respect to its credit cards it will be unlawful for that organisation:
(i) to make or carry out any agreement or arrangement to the extent that it prevents or has the effect of preventing a person authorised by it to carry on business as a payment card issuer in the United Kingdom any time after that person commences to carry on business as a payment card issuer in the United Kingdom;
(ii) to make or carry out any agreement or arrangement to the extent that it requires or has the effect or requiring a person authorized by it to carry on business as a payment card issuer in the United Kingdom to issue any payment cards before it can act as a merchant acquire in the United Kingdom; or
(iii) to withhold or to agree to withhold or to threaten to withhold or to procure others to withhold or to agree to withhold or threaten to withhold, from a person authorized by it to carry on business as a payment card issuer in the United Kingdom, any supplies or services which would usually be provided by that organization to a merchant acquirer, any time after that person commences to carry on business as a payment card issuer in the United Kingdom.
(b) the prohibition described in (i) and (iii) above will not apply where the payment card organisation has reasonable grounds to believe that the payment card issuer is not capable of efficiently conducting the business of merchant acquisition in the United Kingdom.
(c) all such agreements or arrangements must be terminated within one week of the coming into force of the Order (and the above prohibition will take effect on the first day of the following week).
(d) the Order will not restrict the right of a payment card organisation to:
(i) take action against a payment card issuer which has not fulfilled a reasonable plan for the issue of payment cards in the United Kingdom previously approved by the organisation as a condition of authorization to act as an issuer;
(ii) impose on merchant acquirers reasonable technical and administrative requirements relating to the conduct of the business of merchant acquisition; or
(iii) require that an application for authorization to act as a merchant acquirer first be made by a person who wishes so to act as long as such authorization is granted within three months of the delivery of the application to the organization or at the same time as the grant of authorization to act as a payment card issuer (whichever is later).
(e) "payment card" will mean any card (including credit cards) which may be used on its own to pay for goods, services, accommodation or facilities.
(f) "payment card issuer" will mean a person who issues payment cards for use by holder in accordance with the terms of a contract between them.
(g) "payment card organisation" will mean a person who authorises other persons to act as payment card issuers in respect of payment card issuers in respect of payment cards bearing its trade mark or service mark.

Details of Common Provisions

8. The Orders will:

(a) prohibit the carrying out of agreements already in existence as they prohibit agreements made subsequently; and
(b) extend to the acts and omissions outside the United Kingdom of person falling with section 90(3) (a), (b) or (c) of the Act.

9. A person will not be regarded as carrying out an agreement by reason only that he refrains from doing something the doing of which is the subject of a prohibition or restriction imposed by the agreement.

Consultation

10. Copies of the proposed Orders will be available to be seen at all reasonable times in the offices of the Department of Trade and Industry at 1 Victoria Street (Room 020) London SW1.

11. Any person whose interests are likely to be affected by the Order, and who is desirous of making representations in respect of it, should do so in writing to Dr C E Bell, Department of Trade and Industry, Room 641, 1-19 Victoria Street, London SW1H 0ET (stating his interest and the grounds on which he wishes to make the representations) before 31 May 1990.

C E Bell

An Assistant Secretary of the Department of Trade and Industry.

2TH15MARCB

COMPANY NOTICES

STATE LOAN OF THE KINGDOM OF HUNGARY

7½% (Now 2.75 per cent) Sterling Bonds 1924

Notice is hereby given that a Drawing of Bonds of the above loan took place on 10th April, 1990, attended by Mr. William Brignall Kennair, of the firm of John Venn & Sons, Notary Public, when the following bonds, which have been assented to the 1968 Offer, were drawn for redemption at 110% on 1st May, 1990, from which date all interest thereon will cease: —

6 BONDS OF £1,000 NOMINAL CAPITAL EACH

50084 50165 50236 50323 50520 50526

27 BONDS OF £500 NOMINAL CAPITAL EACH

51025 51066 51326 51328 51427 51525 51540 51636 51846 51986 52046 52067 52290 52301 52333 52589 52608 52609 52703 52761
52943 53175 53177 53201 53245 53263 53302

222 BONDS OF £100 NOMINAL CAPITAL EACH

54045 54206 54212 54221 54269 54380 54415 54442 54593 54715 54783 54849 54883 54972 54997 55030 55511 55514 55780 55806
55933 56312 56350 56617 56699 56805 56827 56875 56882 56910 56939 56953 57092 57168 57169 57369 57395 57426 57808 58187
58204 58280 58347 58447 58570 58651 58659 58702 58721 58748 58769 59000 59083 59176 59193 59210 59213 59218 59284 59366
59440 59543 59557 59670 59695 59900 59951 59969 60038 60040 60047 60090 60157 60233 60335 60385 60496 60542 60627 60642
60693 60982 61013 61022 61274 61489 61512 61577 61679 61706 61763 62170 62181 62274 62291 62327 62878 62898 62909 62957
63036 63077 63267 63284 63367 63397 63499 63569 63570 63595 63725 63860 64045 64104 64143 64162 64189 64237 64349 64357
64453 64675 64738 64811 65003 65031 65083 65294 65422 65454 65551 65571 65586 65716 65796 66507 66512 66530 67145 67527
67545 68244 68270 68329 68352 68436 68824 68876 68937 69082 69085 69251 69277 69337 69469 69492 69520 69688 69699 69869
69998 70074 70120 70184 70189 70208 70272 70452 70495 70545 70560 70664 70732 70784 70791 70839 70857 70868 70928 71014
71029 71110 71653 71701 71964 71965 72101 72114 72136 72179 72212 72284 72365 72404 72451 72499 72565 72703 72724 72883
73774 73852 73995 73997 74115 74169 74198 74224 74308 74396 74408 74414 74444 74485 74500 74502 74534 74561 74822 74910
75032 75106

255 Bonds amounting to £41,700 nominal capital

Witness: W B Kennair, Notary Public.

Each of the above bonds when presented at the office of N M Rothschild & Sons Limited for redemption must bear the coupon dated 1st May, 1991, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid. Special listing forms can be obtained on application.

The usual interval of four clear days will be required for examination.

NOTICE IS HEREBY GIVEN that the Coupons due 1st May 1990 from bonds of the above loan, which have been assented in London to the 1968 Offer, may now be lodged with N M Rothschild & Sons Limited, listed on the special forms which can be obtained on application.

The usual interval of four clear days will be required for examination.

N M Rothschild & Sons Limited
New Court, St. Swithin's Lane, London EC4P 4DU

18th April, 1990

LEGAL NOTICES

The Superior Court of the Principality of Liechtenstein decrees, according to its decision of the eighth day of February 1990, the official dissolution and liquidation of

EURO COMMERCIAL LIMITED, VADUZ

and appoints Dr. Iur. Markus Hasler, Egertastrasse 15, Vaduz as the liquidator. All possible creditors should apply directly to the liquidator.

Vaduz, April 6, 1990

The Liquidator
Dr. Iur. Markus Hasler

No. 001385 of 1990

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

MR. JUSTICE WARNER

IN THE MATTER OF
VIDEO MAGIC LEISURE GROUP PLC
AND
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (chancery Division) dated the 26th day of March, 1990 confirming the cancellation of the Share Premium Account of the above named Company was registered by the Registrar of Companies on the 3rd day of April 1990.

DATED THIS 18TH DAY OF APRIL 1990

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

JOBS

Rewards and risks of international mobility

By Michael Dixon

HOW will pay change if high-grade workers become increasingly mobile across national frontiers?

When the question was put to a seminar of company pay-system managers not long ago, the answer that won most support betokened a certain cynicism about the chiefs who employ them. The pay specialists agreed that, in any big internationally operating concern wherever its headquarters, the topmost bosses would notch up their own rewards to the world's highest level.

Another outcome thought only a little less probable, however, was that companies would re-think their policies for paying staff working for them outside their homeland. As one of the specialists explained:

"If we want to have an internationally mobile workforce, taking jobs abroad will have to be seen as normal. That's the opposite of how must people see it now, and one of the best levers for changing their attitude is pay – it delivers a stronger message than any company mission statement. But the message it gives at present is that going to work outside your own country is an extraordinary thing to do."

The accuracy of those words is surely confirmed by the above table which, as in previous years, is taken from the survey made by the P-E International consultancy. The survey is compiled from data supplied by 46 assorted companies with a total of over 5,000 British nationals working as expatriates in 43 countries.

Since my figures refer to less than half of them, and to only one of several ranks of overseas workers in each case, anyone wanting more information will need to obtain the full report. It is available, at a price, from Tom Raftery of P-E at Park House, Wick Rd, Egham, Surrey TW20 0HW; tel 0784 434411, fax 0784 437828.

The consultancy bases its calculations on samples of the British expatriates who typify various ranks as measured by how much the company would pay them if they were working for it in Britain. The rank I have used is the one whose "home-based" money rewards would be £32,000 gross which – for the married person with two dependent children on whom the table is standarised – would reduce to a "buying power" of £23,328.

The 20 countries listed are those with the biggest groups of overseas staff including a statistically respectable number of that specific rank. Besides giving their average net pay after tax and social security payments in the country in question, the table adjusts the net sum in line with price differences so as to show their buying power. Then come the percentages also enjoying each of a range of fringe benefits.

As may be seen, the expatriate status carries with it everywhere a considerable bonus in buying power as well as perks. Moreover the advantage holds not only in distant parts of the world, but in six countries which can be reached by air in not much more time than many home based executives take to travel to and from work each day.

Given the move to a single European market from 1992, it is doubtful that expatriate status for British nationals can be justified much longer in those half dozen countries, at least. Nevertheless, to the Jobs column's mind, there will remain a strong case for paying staff working even just across the Channel appreciably more than they would receive at home.

For one thing, research shows it is extremely hard for people to learn to buy as economically in foreign parts as they do in their own land. But above all, staff who move overseas deserve extra benefits to compensate for the increased career risk they take. Hardly a week goes by without my hearing from executives who, having been persuaded to work abroad for their company, are now unable to persuade it to offer them an acceptable job back home.

The rule seems to be that, whatever they gain in pay by moving from headquarters, they often lose the political contacts and influence needed to safeguard their long-run career. And that is something which, no matter how great the increase in international mobility, I do not expect to change.

Country of residence	Net pay £	Buying power £	% of expatriate executives in each country whose benefits included: Accommodation Free	Accommodation Aided	Free utilities	Company car	Club fees	Help with education	Medical insurance	Passage home
Malaysia	53,901	61,918	86	10	76	83	62	86	97	100
Nigeria	41,801	48,632	84	16	81	77	77	81	94	90
Saudi Arabia	46,383	48,566	97	3	84	63	9	69	84	100
India	40,229	46,113	100	–	44	61	72	100	94	72
Bahrain	43,066	43,170	91	–	91	67	61	91	100	100
US, New York	62,246	40,395	50	21	17	58	33	63	100	92
Singapore	43,584	40,076	80	5	44	75	58	80	93	100
Kenya	35,786	39,073	100	–	67	96	57	61	78	91
US, NE & E	57,487	38,636	56	24	20	52	–	52	88	100
Indonesia	36,798	36,522	85	–	81	81	70	89	89	89
Greece	42,168	38,262	94	6	63	69	69	88	100	81
Hong Kong	45,643	37,231	79	8	31	65	61	83	97	100
Japan	76,436	37,028	76	21	29	67	67	83	98	100
Belgium	45,268	36,990	36	–	16	59	14	86	100	100
Spain	58,610	35,580	96	–	33	71	54	100	100	83
Switzerland	51,564	36,165	75	19	50	89	63	88	100	81
Italy	43,645	34,638	85	–	45	55	45	100	100	85
Australia	44,753	30,459	83	7	38	81	36	67	95	93
France	38,094	29,711	70	19	46	54	38	89	97	92
W. Germany	46,243	28,360	43	37	30	77	43	73	93	97

Comparable home-based UK executive on gross pay of £32,000 has buying power of £23,328.

Germany

PERHAPS the said rule should be borne in mind by any reader tempted by the job recruiter John Williams is offering for an economist familiar with Germany's equity and fixed-interest markets to work there for a Japanese investment house. Since Mr Williams may not name his client, he promises to respect applicants' requests not to be identified to the employer at this stage.

Salary equivalent to at least £40,000, with usual banking perks.

Inquiries to Russell, Williams and Associates, 43-45 St Mary's Rd, London W5 5RQ; tel 01-579 1082, fax 01-566 2024.

Options

Excellent opportunities for bright graduates with at least 18 months' experience in either currency or interest rate options in the following areas:–

★ Trading

★ Marketing

★ Structuring

If you are looking for rapid career progression in a demanding, result orientated environment and have the strengths to succeed, our clients have a number of openings in these fields due to expansion and development.

For a confidential discussion about these specific opportunities and for career advice contact Arabella Goodford or Kate Griffiths on 01-831 2000 or write to them at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.

MP Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

YOUR BEST MOVE

Credit Analysis

We are continuing to receive instructions from some of the most recognised and respected names in banking for bright young Credit Analysts. Demand is strongest for graduates in their mid 20's who have a recognised credit training and two years' experience. On offer is a diverse range of credit based positions.

European M&A

Our client, a major international bank, is still looking for individuals to join their European M&A team. Their requirement is for graduates in their mid-late twenties with a minimum of one year's experience of corporate finance or M&A gained with one of the major players. Fluency in one or more European languages – preferably Spanish or Italian – is required.

For further details please contact Julie Byford or Joe Reilly on (01) 583 0073 (Day) or (01) 540 9340 (Evenings & Weekends) or send your cv in complete confidence to: 16-18 New Bridge Street, Blackfriars, London EC4V 6AU. Or fax (01) 353 3908.

BADENOCH & CLARK
recruitment specialists

RATHBONE

Rathbone UK Ltd, South Quay Plaza II, 183 Marsh Wall, London E14 9FU
Tel: 01-867 8899
Fax: 01-867 8095

EUROPEAN EQUITY SALES to £100,000

Pan-European and cross border expansion has led several leading International Securities Houses to review recruitment requirements in selected areas of their worldwide networks.

We would welcome serious approaches from established individuals with a minimum of 2 years institutional sales experience in Spanish, French, Swiss, German and Italian equities or their related derivative products.

Applications are also invited from candidates with Middle Eastern marketing experience.

Attractive remuneration packages including generous basic salaries and profit related bonuses are available to successful applicants.

For an initial confidential discussion, please contact Lydia Wann on 071-867 8899.

RATHBONE

Rathbone UK Ltd, South Quay Plaza II, 183 Marsh Wall, London E14 9FU
Tel: 01-867 8899
Fax: 01-867 8095

LEGAL SPECIALISTS – NEW ISSUES £40,000 + Benefits
CORPORATE FINANCE

We are currently acting on behalf of a number of International Investment Houses who are seeking candidates with a legal qualification and Capital Markets experience.

Your responsibilities will include negotiating and executing complex structured deals involving OTC options and invariably Swaps.

You will be involved in the legal aspects of new issues, private and public Eurobond issues, Unit Trusts and Asset repackaging.

PRODUCT DEVELOPMENT £30,000 + Benefits

As a graduate working in a front office position you will possess a sound product knowledge and practical experience of Capital Markets. You will have execution of deal experience, a thorough understanding of derivatives and a desire to develop your career in New Products.

Reporting to the Head of Department you will negotiate and market Bond transactions; design, analyse and structure transactions; innovate and develop new schemes and promote the department's Capital Markets' transactions.

For a confidential discussion please contact Simon Dick or Kathy Rugg on 071-867 8899.

English lady (40) resident of Monaco seeks to be agent/representative or to execute research for individuals and companies.

Experienced PA with extensive knowledge of commercial accounts. Fluent in French and good working knowledge of Italian.

For further information call Elizabeth Monte Carlo 93-15-01-49 or Fax 93-50-47-56

DUNEDIN
FUND MANAGERS LTD

Dunedin is one of the largest fund managers in Scotland with offices in Edinburgh, Montreal and Tokyo. Due to continued expansion and implementation of our strategy for the 1990s, we have a number of investment management opportunities in our Edinburgh office.

GLOBAL FIXED INTEREST MANAGER

The successful candidate will have a background in international bond markets and, while being responsible for all aspects of Dunedin's fixed interest portfolios, will also be expected to participate in our marketing efforts, principally in North America. This will be a highly visible appointment and the ability to communicate effectively is essential. Candidates should have at least five years investment experience and will probably be over 27 years of age.

INVESTMENT MANAGERS – OVERSEAS EQUITIES

We are seeking investment managers with at least two years experience of international equity markets. Working within small geographic teams, the persons appointed will have immediate responsibility for day to day management of portfolios. Candidates must have established a successful investment record and be willing to integrate and contribute fully towards our team approach.

ANALYSTS

We are establishing new analytical positions with responsibility for researching and monitoring new and existing equity holdings as well as maintaining our proprietary in-house database. These positions are suitable for candidates with some experience although we may also consider graduates wishing to enter the investment management industry.

All these positions offer a fully competitive remuneration package and the opportunity to live and work in the city which has been voted as having the highest quality of life in the U.K.

Applications should be made in writing to:

C.F. Peters, Company Secretary, Dunedin Fund Managers Limited, Dunedin House, 25 Ravelston Terrace, Edinburgh EH4 3EX

Dunedin is a member of IMRO

Edinburgh

Business Analyst

with senior management potential

From £30,000 upwards + Car and Benefits Bristol

Our client, one of the leading plc's in the West of England, is planning further substantial expansion through the development of new opportunities, based on existing expertise and experience. The acquisition of additional businesses is a key part of this strategy and this new appointment is intended to bring focus and refinement to the acquisition process.

Reporting direct to the Business Director and with strong links to the Group Finance Director and MD, you will lead expansion/acquisition initiatives many of which are likely to be generated by colleagues. You will act as catalyst for new ideas and give both marketing and financial focus to their business potential. This will include direct investigative work with companies prior to purchase.

Candidates will be business qualified to MBA level with strong financial awareness. Broad commercial experience, preferably within a marketing led organisation, is essential.

Previous experience of developing a new product or project from inception to implementation is a key requirement.

Salary will be negotiable from £30,000. In addition there is a performance related bonus, private medical insurance, pension scheme and company car. Relocation help will be available.

In the first instance write with CV to our consultant Jennie Hale, MSL Advertising, Broad Quay House, Bristol BS1 4DJ. Tel: (0272) 276617. All applications will be discussed with the client unless otherwise requested.

MSL Advertising

SALES & MARKETING
Financial Products

20 years experience in Commodities, Financial Futures, FX, and Investment products. Completely bilingual (French/English). Professional contacts range from the High networth individual to the Corporate & Financial Institutions in Europe and United Arab Emirates.

Seeks a position where experience and marketing abilities can be used.

Please write to Box A800, Financial Times, One Southwark Bridge, London SE1 9HL

R.P. MARTIN PLC

We are seeking to recruit experienced spot cross currency brokers. Interested applicants should apply in writing enclosing c.v. to:

O.McKINLEY PERSONNEL MANAGER
R.P. MARTIN PLC 4 DEANS COURT
LONDON EC4V 5AA
for further details telephone:- 01 600 8691 x 251

Unit Trust Management

Contribute to the launch and development of a new Unit Trust Company

Our client, a major UK financial institution, is at present diversifying its business activities into the wider financial services market. It is currently in the process of establishing a Unit Trust Company, which will launch a range of funds to the public later this year. An exciting opportunity exists for an experienced Manager to form part of this new unit trust management team.

Initially, you will join a small project team charged with the development and launch of the new *Unit Trust Company*. In the development stage, tasks will include liaison with various parties to ensure that all systems are in place for the launch. Once launched, it is envisaged that the successful candidate will become responsible for day-to-day operations, reporting directly to the Chief Executive.

The successful applicant must possess a minimum of five years' management experience within the unit trust industry, with experience gained mainly, but not exclusively, in an administrative/systems role. Experience of fund management and sales/marketing is not required. However, the successful candidate should have experience of all other aspects of the day-to-day running of a unit trust operation.

Additionally, the successful candidate will be expected to take charge of a small management team, therefore good interpersonal skills and the ability to work with minimal supervision is essential.

The salary and other benefits will truly reflect the importance of this position within the financial services field and will pose no problem for the right person.

If you believe you have the qualifications and experience necessary to make this new venture a success, please write with a full c.v. indicating present salary level and quoting reference 181/LB/90 to: Lisa Booth, Consultant, Austin Knight Selection, Knightway House, 20 Soho Square, London W1A 1DS. Alternatively, you can telephone her on 01-439-5782 (01-494 1093 evenings/weekends).

Applications will be forwarded to our client therefore companies in which you are not interested should be listed in your covering letter.

Austin Knight

Jonathan Wren Executive

CORPORATE/STRUCTURED FINANCE

£40 - 60,000

Our client, a large international bank, is expanding its corporate lending/structural finance operation and wishes to recruit two additional senior marketing executives. Candidates should have sound credit training plus a minimum of five years experience marketing a full range of banking/off-balance sheet facilities to large U.K. corporates. Graduates aged 32 to 40 preferred.

Please contact Jan Perrin on 071-623 1266.

MANAGER, CREDIT CONTROL

c£35,000

A U.K. bank is seeking a Manager, Credit Control, with responsibility for control, monitoring, assessment and protection of the Bank's Loan/Guarantee Portfolio. The successful candidate will have a thorough knowledge of U.K./International banking, sound judgement and excellent credit and analytical skills

Please contact Norma Given on 071-623 1266.

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren

Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 071-623 1266 Fax: 071-626 5258

FUND MANAGEMENT

City

OUR CLIENT is the highly successful fund management arm of a publicly-quoted financial services group offering life assurance, unit trusts and related products through its operating subsidiaries. Two additions are currently sought to its relatively compact investment team.

From the outset, you will be involved in research, stock selection and dealing, and will contribute to broader asset allocation discussions. Aged in your early-to-mid 20s with a good degree, you may already have some experience of the financial services industry. You will be ambitious and numerate, with the ability to take on additional responsibility at an early stage.

For the right people career prospects are excellent and the remuneration package will be highly competitive.

Please send full cv which will be forwarded to our client. Address to the Security Manager if listing companies to which it should not be sent.
Ref: H7007/FT, PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.

PA Consulting Group
HUMAN RESOURCES
Creating Business Advantage
Executive Recruitment • Human Resource Consultancy • Advertising and Communications

INSTITUTIONAL FIXED INCOME SALESPERSON

(Specializing in 2nd and 3rd tier institutions in the U.K.) The London division of one of the leading U.S. Investment firms are looking for a salesperson to work in their West End office, covering 2nd and 3rd tier institutional accounts. Minimum five years Fixed Income institutional sales experience required in all major Government markets, associated Euromarkets and derivative products. Excellent commission based compensation structure.

Send C.V. in confidence to Box A802 Financial Times, One Southwark Bridge, London SE1 9HL

FINANCIAL INTERMEDIARIES REQUIRED

to distribute major new investment products

John Govett & Co Limited, leading London-based International Investment Managers with over US$3bn under management in the world's Equity, Bond and Futures markets, are in the process of launching a series of dynamically managed futures funds designed for high net worth private clients and corporate investors. This follows the highly successful launch of the Paragon Guaranteed Futures Fund in late 1989.

We are now looking to establish a worldwide network of distributors who can show proven sales records in their own specific territories. In return we can offer sales and marketing support, in conjunction with rewarding commission terms.

For further information please contact James Palmer, John Govett's Offshore Sales Director, in London on 01-378 7979 or write to him at the address below:

JOHN GOVETT & CO. LIMITED

Shackleton House • 4 Battle Bridge Lane • London SE1 2HR • Fax: 01-638 3463
Member of IMRO

MIDLAND MONTAGU

CITY University BUSINESS SCHOOL

RESEARCH OPPORTUNITIES IN THE CITY – FINANCIAL MARKETS

City University Business School, the leading business school in the City of London, has an exciting research opportunity in the Centre for Financial Markets funded by Midland Montagu, the International and investment banking arm of Midland Group.

Research Fellow

£12,225-£18,432 p.a. inc.

The new Research Fellow will have undertaken advanced postgraduate training in economics, with a substantial quantitive content, and be able to demonstrate both an interest in the field and the ability to complete research projects to an agreed time table.

The appointment will be initially for a two-year period (subject to a probationary period) and you should be available on or before 1st October 1990.

City University Business School aims to become the UK's leading business school and one of the best in the world. If you think you can help us achieve our goals, we look forward to hearing from you.

Application forms and further particulars can be obtained from The Administrator, City University Business School, Frobisher Crescent, Barbican Centre, London EC2Y 8HB, to whom applications should be returned by 5th May 1990.

We are an Equal Opportunities Employer.

FIBI BANK (UK) LIMITED **LENDING/TRADE FINANCE**

We are a small, commercial bank seeking an additional member of staff for our Credits Department. The successful applicant will have at least three years trade finance experience, a sound general knowledge of banking, and will be looking to broaden his or her horizons.
Salary according to age and experience.
Application to be sent in writing with c.v. to Credit Manager, FIBI Bank (UK) Limited, 2 London Wall Buildings, London EC2M 5PP by 25 April 1990.

FIRST JOBBER

Computer literate accounts PA. An exciting PA opportunity exists for a first jobber with top maths grade to help run London W1 creative agency. Includes helping maintain computer records/accounts.
Excellent prospects. Fax cv to 01-287 9131 or post to
Box A796, Financial Times, One Southwark Bridge, London SE1 9HL

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appears every
Wednesday and Thursday, Friday
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For further information please call:
01-873 3000

Jennifer Hudson
ext 3607

Richard Huggins
ext 3460

Stewart Maddock
ext 3392

FINANCIAL TIMES

Foreign Exchange Marketing Manager

A Leading Role With International Influence

Our client is a major international organisation involved in the distribution of foreign exchange and money market information. Renowned as progressive market leaders, they now wish to appoint a Foreign Exchange specialist to be based in London to exploit new business opportunities.

An accomplished track record within the Foreign Exchange/Money Market is essential. Candidates who are fluent in a second language and who have previous overseas work experience will be given preference.

The essence of your brief is to maximise revenues by ensuring the Company's products meet the market's dynamic information needs, whilst remaining competitive in terms of content, response, presentation and price. You will be responsible for the production and implementation of a business strategy to determine the direction of future Foreign Exchange and Money Market products.

Dealing at the highest level with clients, governments, exchanges, the media and industry associations, you must possess impeccable communication and negotiating skills. The same skills will also be required in liaising with sales and marketing staff to ensure effective market intelligence is achieved, and appropriate sales strategies are implemented.

The remuneration package fully reflects the importance of this position and is unlikely to prove a problem in appointing the right candidate.

Applications in writing please to:
Roger Hawkins, Oriel Search Limited, Oriel Lodge, Dunmow Hill, Fleet, Hampshire GU13 9AN.

Venture Capital Executive

£ Excellent + Benefits + Car ***London***

Murray Johnstone Limited is one of the UK's largest and most enterprising players in the venture capital market with offices in Glasgow, Manchester, London and Paris. Over £200m has been invested to date in financing a wide range of management buy-ins, development capital situations and start-ups.

We are now further expanding operations in London and initially wish to recruit an experienced Venture Capital Executive to join the team. You will become involved in the assessment and execution of a wide range of investment proposals in addition to having a key role to play in the running and growth of this office – which could lead to you taking over the management of the department in the near future.

To be successful, you must be aged 30+ and have spent at least four years in venture capital/corporate finance and have experience of working in industry or commerce. The ability to develop relationships and communicate well at all levels are essential attributes.

The appointment is seen as a rare chance to join a growing organisation with excellent opportunities in both the UK and Europe. The level of remuneration will not be a problem for high calibre individuals and will be part of an attractive financial package.

MURRAY JOHNSTONE

To apply, write in confidence with full CV to:
Dave Biggart, Personnel Manager, Murray Johnstone Limited, 30 Coleman Street, London EC2R 5AN.

Reynolds Porter Chamberlain

Trust Administrator – £30K

Within our Solicitors' practice we conduct an efficient Trust Administration Department for many of our private clients.

The position will become available on the retirement of our current Trust Administrator in July, 1990. The ideal candidate will be someone with considerable experience in either banking, accounting or stockbroking who is knowledgeable in the conduct of trust administration, related accounts and stock exchange securities. A basic knowledge of Trust Law would be an advantage.

This position provides an excellent opportunity for direct client contact, and is principally responsible to the Senior Partner. Preferred age 40-50.

Please submit a detailed curriculum vitae to:

The Personnel Manager
Reynolds Porter Chamberlain
Chichester House
278/282 High Holborn
London WC1V 7HA

CASH MANAGER
Investment Management

City **Excellent Package**

A major institutional fund manager, our client has shown above average growth and consistent performance throughout the 1980s. A strong team of professionals have been fundamental in achieving this success.

A cash manager is required to further augment the fixed income division, ultimately taking on full responsibility for cash management and the running of short term cash performance funds.

Candidates should have at least 2 years experience; a wide knowledge of money market instruments; independence of thought and self motivation whilst being a good team player.

An internal development strategy provides excellent career opportunities whilst financial rewards include a highly competitive salary and bank benefits to include mortgage subsidy and private health care.

Please contact Rosalind Bixley who will treat all enquiries in confidence: 20 Cousin Lane, London EC4R 3TE. Telephone 01-236 7307. Fax 01-489 1130.

STEPHENS ASSOCIATES

SEARCH & SELECTION SPECIALISTS IN SECURITIES AND INVESTMENTS

EXPATRIATES.

INTERNATIONAL PERSONAL FINANCIAL CONSULTANTS

circa £50,000 on Target Earnings.

Finexco leads the field in providing a **Personal Financial Consultancy Service to expatriates worldwide.**

It's a service whose success depends on expertise of the highest calibre which is easily accessible to its users wherever they are based.

For this unique service we offer a training programme, acknowledged as one of the best, to equip you with the skills you need to succeed, backed up with the powerful corporate support of Finexco.

We need a number of talented business professionals to join us at various locations based **throughout Europe** who are:

- Accomplished high-achievers.
- People with self-confidence, excellent communication skills and single-minded determination to succeed.

- Previous expatriate experience **essential.**
- Financial background not necessary.
- Sales experience a distinct advantage.
- Likely late 20's to 40's.
- Female applicants welcome.

We offer you –

- Financial rewards limited only by your talent and ambition.
- Excellent long term career and promotion prospects.

Please send a full CV with covering letter, recent photograph and telephone numbers to Angela Gara, Ref: 456/ST, Riley Advertising, 139 Hammersmith Road, London W6 8BS.

FINEXCO

"The Grapevine doesn't always work".

Private Client Stockbrokers

You may be currently looking to change your job and exploring opportunities through your own contacts.

It is possible, however, that you may not be fully aware of all the openings available and this is where FLA may be of assistance.

FLA are the recruitment specialists in the private client stockbroking market. Consequently, we are fully conversant with the requirements of the many different firms offering investment management to private clients, both in the City and throughout the country.

We can therefore:-

★ Tell you what alternatives are available to you.
★ Advise you with regard to your own present market worth.
★ Identify the firms which would best suit your own requirements, expectations and personality.

FLA's service is distinguished by a commitment to individual attention and complete confidentiality.

Accordingly, if you are currently producing in excess of £50,000 and would like to learn more about the opportunities available to you in the current environment, telephone or write to John Field at, FLA, 16 Old **Bond Street, London, WIX 3DB; Tel: 01-491 3811, quoting reference 1312.**

FLA

SEARCH, SELECTION AND CONSULTANCY SERVICES

CASH MANAGER
Investment Management

City — **Excellent Package**

A major institutional fund manager, our client has shown above average growth and consistent performance throughout the 1980s. A strong team of professionals have been fundamental in achieving this success.

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STEPHENS ASSOCIATES

SEARCH & SELECTION SPECIALISTS IN SECURITIES AND INVESTMENTS

MAKE AN ALTOGETHER BETTER CAREER MOVE

Are you a topflight private client stockbroker who would like to give up commuting to London without suffering any loss of professionalism? And be paid competitively.

Allied Provincial Securities, one of Britain's leading independent stockbrokers, has just opened an office in Chelmsford, Essex and is actively considering other locations in the home counties. We are looking for individuals or teams with an established client base who have the drive to make a worthwhile contribution to the company's results but who think that the overall quality of life is equally important.

Allied Provincial Securities is a successful independent stockbroker owned by its directors. The Post Office and Telecommunications Pension Fund – POStel –, and James Capel, who supply their top ranked research to our 28 offices each have a minority stake.

We have a significant share of the UK equity market, based on our provision of an outstanding service to private clients and we are investing in new systems to develop further our efficient computer linked settlement systems and low transaction costs.

If you would like to transfer your business out of London, to Chelmsford or elsewhere in the Home Counties, please ring Roger Charlesworth or Terry Hitchcock on 0245 492442 or write to us at the following address: **Allied Provincial Securities Limited, Widford House, 5/7 Robjohns Road, Chelmsford, Essex CM1 3AG.**

ALLIED PROVINCIAL
Local Roots – National Strengths

European Equity Sales

Our client is one of the world's leading financial institutions, with an established name and presence in all of the major markets.

The success of their European Equity Sales group is founded on excellent research backed by a strong team spirit.

They now wish to further strengthen their London office by appointing three people, with a minimum of three years' experience, to sell cross border European Equities.

First, they are seeking a French speaking salesperson with an established institutional clientbase in Paris and Geneva. Second, a Japanese speaker whom it is intended will cover Japanese institutions across Europe. Third, a salesperson with a solid Middle East/Far East clientbase.

A competitive salary will be offered, and there is the opportunity to earn substantial bonuses linked to the achievement of targets.

If you consider you have the qualities necessary for this demanding environment, please write with a full CV to Michael Swaine, at the address below, listing separately any company to whom your details should not be forwarded as replies will be sent direct to our client.

B&B

B & B Selection

Griffin House, 161 Hammersmith Road, London W6 8BS

INTERNATIONAL BUSINES ISSUES

A rare opportunity is open to someone with an international outlook and high level practical experience in international business.

The job is Director of the British affiliate of the International Chamber of Commerce (ICC), the world's leading business representative organisation, with members in 100 countries.

The role is to run a small, very busy, office in London ensuring maximum UK involvement in and influence on the ICC's international work on a wide range of policy, legal and practical issues affecting world business. It also involves keeping in close touch with the needs of UK members in these matters.

The Candidate is likely to be a graduate in early or mid fifties, having had an international career in business, seeking a new intellectual challenge with wide scope for individual initiative and communications and marketing skills.

The rewards are primarily in the job itself. A salary exceeding £30k is offered depending on experience etc.

ICC

For further details, please write with CV to:
The DIRECTOR, ICC UNITED KINGDOM,
103 New Oxford Street, London WC1A 1QB or
Fax 01 836 5323.

INTERNATIONAL FIXED INCOME FUND MANAGER

City — **Equity Participation**

Our client is a small specialist International fixed income company established in the mid eighties. With a strong balance sheet, good base of mainly North American institutional clients and excellent performance record, they are well poised to show considerable growth in the 1990s.

An opportunity exists for a high calibre individual to work with the team and play an important, participating, role in its development.

Candidates should have a minimum of 5 years in International fixed income fund management. Client reporting and marketing experience is essential. Creativity and self motivation will be key attributes for success.

Remuneration will include a basic salary reflecting experience and a profit related bonus in addition to a substantial equity option participation.

Please contact Andrew Thompson who will treat all enquiries in confidence: 20 Cousin Lane, London EC4R 3TE. Telephone 01-236 7307. Fax 01-489 1130.

STEPHENS ASSOCIATES

SEARCH & SELECTION SPECIALISTS IN SECURITIES AND INVESTMENTS

DEALERS

Senior Deposit Dealer to £50,000

A first class Merchant Bank with an established City presence currently seeks to recruit a Senior Money Market Dealer to complement its existing Treasury operation. Applications are invited from traders aged 28-35 who possess at least two years experience managing a substantial £ cash book, together with a proven, stable career record to date.

Senior Spot Dealer to £70,000

Our client, a prime name International Bank, currently seeks to recruit a Spot Dealer of senior status for its existing high calibre Spot desk. The appointee is likely to be aged 25-35 and possess a profitable and stable career record to date, trading a major or cross currency at an active trading name.

FRA Dealer to £45,000

Due to the current expansion programme of this well regarded European Bank, we currently seek to recruit an FRA Dealer. Candidates will have at least two years experience trading Sterling or Dollar FRAs at active trading names and are likely to be aged 25-32.

Corporate Dealer to £40,000

An opening currently exists at this respected International Bank for a Corporate Dealer with at least two years experience. The appointee is likely to be aged 25-35 and will possess both a proven sales record and a sound knowledge of Foreign Exchange and Treasury products.

Dealers interested in discussing these or the many other dealing assignments currently handled, are invited to call Gordon Brown or Steve Cartwright for a confidential, informal discussion.

GORDON BROWN & ASSOCIATES LTD.
RECRUITMENT CONSULTANTS

5TH FLOOR, 2 LONDON WALL BUILDINGS,
LONDON EC2M 5PP
TEL: 01-628 7601 FAX: 01-638 2738

Gordon Brown

LEASING

ASSET FINANCE

We seek on behalf of a UK Merchant and several major International banks, high calibre lease marketing/negotiators, graduates preferred age 28-35 years.

VENDOR PROGRAMS

Salary neg. £30-£45,000

A marketing professional able to mastermind the banks entry into this specialised field, essential is a track record in manufacturers' financial sales support programs, residuals, operating leases, joint ventures etc.

AIRCRAFT FINANCE

V. neg. £50-£60,000

No 2 in Aircraft Division, on and off balance sheet, cross border tax, non tax based; good marketing and technical skills.

MEDIUM TICKET LEASE MARKETING

£25,000-£30,000

Several excellent career opportunities exist with some prime international bank's leasing divisions for candidates possessing several years' marketing/negotiating experience. Good credit, pricing and structuring skills essential. Deal size: £500K-£10m range.

SENIOR CREDIT

to £30,000

We seek a strong manager with at least ten years substantial consumer finance, low-unit high-volume credit skills, with the ability to supervise collections, repros, litigation, debt recovery, staff etc.

Please contact **Brian Gooch** or **Martin Moll.**
All enquiries will be treated in strict confidence.

OBSB OLD BROAD STREET BUREAU
EXECUTIVE SEARCH & SELECTION CONSULTANTS
65 London Wall London EC2M 5TU
Tel: 01-588 3991 Fax: 01-588 9012

Oil Market Consultancy Service

Oil market Economist/Analyst, World Bank Consultant, (PhD, Dip., MCIM, MBIM) is available to undertake any Oil consultancy work, oil markets' research and analysis, feasibility studies and surveys. Ready to travel Worldwide at customer's request. For any services. Please contact or write to:

Dr M G Salameh,
Spring Croft, Sturt Avenue,
Haslemere, Surrey GU27 3SJ,
England
Telephone: (0428) 4137
Fax: (0428) 56262

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FINANCIAL TIMES SURVEY

Direct marketing began the 1980s as the poor relation of the advertising industry, and entered the 1990s as one of its most dynamic and expanding components. **Alice Rawsthorn** traces its history and analyses the problems facing the medium

On the brink of maturity

LONG, long ago in the 1700s a Pennsylvania bookseller chanced upon a way of selling his books to people who lived too far away to travel to his shop. He sent out a catalogue, with 600 titles, so they could buy the books by post.

The bookseller was called Benjamin Franklin and his catalogue is the first recorded use of direct marketing. His modest catalogue was the catalyst for the development of the international direct marketing industry of today.

Direct marketing now embraces everything from direct mail to telephone selling and direct response TV commercials. It includes the insurance sales people who cold-call prospective customers in the London suburbs and the congressional slush funds that send out unsolicited invitations for $1,000-a-head dinners in Washington.

No-one knows exactly how much money is spent on the various forms of direct marketing every year. But the direct mail market alone is now worth more than $40bn (£25bn) worldwide, according to WPP, the London-based communications group which is a major player in international direct marketing.

Direct marketing became a serious commercial discipline at the turn of the century when companies such as Sears and Montgomery Ward sent out mail-order catalogues to rural communities across the US. The industry has expanded ever since. But it was not until the 1970s and 1980s that direct marketing really exploded.

Developments in information technology enabled companies to be more accurate at selecting suitable targets for direct mail or telephone selling campaigns. The fragmentation of consumer markets also encouraged companies to divert their budgets away from media advertising towards direct marketing. The change in working patterns – whereby more women moved into the labour market – created a new breed of consumers who not only had more money to spend but less time to spend it in.

At the same time it became far easier for consumers to order products and services from their homes. The wider use of credit cards made payment more convenient. It also became easier to order because of the introduction of 24-hour telephone answering services and "0800" phone numbers, where the caller is not charged.

The fastest-growing categories of advertisers tended to be involved in sectors which were well suited to direct marketing. One of the most buoyant sectors in the 1980s was financial services, where the products tend to require the detailed information that is not easily communicated in a conventional television commercial.

Moreover, the emergence of new media – such as cable television, faxes and personal computers – stimulated the market by introducing new vehicles for direct marketing. The Minitel videotext system has become an important new selling medium in France and Belgium. The growth of cable television boosted the market for direct response advertising in the US.

Direct marketing expanded all over the world, but the most dynamic market of all was still the US. In 1963 just over 57m Americans purchased something from the home, *according to the Direct Marketing Association in New York.* This year nearly 92m people, or more than half of American adults, will do so.

The US direct mail market is now worth almost $20bn, according to WPP's estimates. The telemarketing sector was worth anything up to $50bn. And almost a tenth of the $27bn spent on television advertising went into direct response commercials.

But the growth in direct marketing has not been confined to the US. The same dynamics that drove the North American market in the 1980s have galvanised other markets too.

The UK market for direct mail almost doubled in the 1980s as did the markets in France, Benelux and Scandinavia, according to Services Postaux Européens.

Most of the major players in the industry are cautious about the prospects for direct marketing in eastern Europe. They suspect it will take time before suitable communications and distribution systems are established.

But the market is growing rapidly in the Asia Pacific region. Direct mail is already well established in some areas such as Hong Kong and Singapore. There is even an embryonic market in Japan.

The direct-marketing industry has expanded to accommodate this growth. The bastions of the US industry – O&M Direct, recently acquired by the UK's WPP Group, and Wunderman Worldwide, which is owned by Young & Rubicam, the US communications company – now operate networks of offices all over the world. Other US and UK communications groups – including Foote Cone & Belding, Omnicom, Grey and Saatchi & Saatchi – have been building up international networks too.

The emphasis in the marketing services sector is now on integrating direct marketing with other disciplines, such as public relations and advertising, to produce cohesive marketing programmes. "Offering an integrated service is the single most important issue facing the marketing industry today," said Mr Bruce Crawford, chairman of Omnicom, which owns the Rapp Collins Marcoa direct network.

This trend is encouraging other communications companies – notably from France and Japan – to invest in direct marketing. RSCG, the French advertising agency, acquired the UK's KLP Group earlier this year.

Dentsu, the giant Japanese communications group, is said to be interested in taking a minority stake in the FKB Group, another UK company. Eurocom and Boulet Dru Dupuy Petit, the French agencies, have also indicated their interest in developing their direct interests.

The critical question for the industry is whether it will be able to sustain its growth in the 1990s. The immediate outlook in the US is far from encouraging given that the rate of growth has slowed down significantly in the last two or three years.

One reason for the slowdown is that the US market is maturing. Another is that no new categories of clients have emerged to stimulate the market as financial services did in the 1980s.

A third factor is the steep rise in the cost of postage. The industry recently absorbed a 30 per cent leap in postal prices and may face a similar increase next year.

Yet other international markets are still enjoying healthy growth. Even in the UK, where most areas of marketing are under pressure because of the slowdown in the economy, companies are tending to concentrate their cost-cutting on media advertising rather than direct marketing.

Moreover, the long-term trends, even in the US, are still favourable. The fragmentation of consumer markets is continuing. Meanwhile, demographic developments are catalysing the formation of new consumer markets. The ageing of the population should generate demand for new products and services for the over-50s. The increase in environmental awareness could also create new product development opportunities.

"All these developments should increase the demand for the very individualised products which are well suited to direct marketing," said Mr Jerry Pickholz, president of *O&M Direct.*

The trend for traditional media advertisers, such as the packaged goods companies, to increase their expenditure on direct marketing is also accelerating.

"In the 1980s the packaged goods markets were so destabilised, especially in the US, that companies desperately need to invest in brand loyalty again," said Mr Robert Gordon, managing director of direct marketing for FCB's Integrated Communications Group. "And manufacturers must be aware that if they do not make use of the information produced by bar coding systems, then retailers will."

The direct marketing industry is also developing new techniques and disciplines. The Minitel system, already widely used in France and Belgium, has established an operation in the US. Meanwhile, IBM and Sears have formed a joint venture, Prodigy, which enables US consumers to buy products and services from their personal computers.

Advances in artificial intelligence and the introduction of smart cards should enable the industry to be more accurate in its targeting. Many consultancies are now adding psychographic data to the traditional demographic research systems.

"Our ideal is to send the right message to the right person at the right time," said Mr Lester Wunderman, president of Wunderman Worldwide. "We are already pretty good at the first and the second. Now we need to work on the third. *It is time for the industry to* make the next great leap forward."

But the outlook for the industry is not all rosy. One important issue is its image. For all the progress of recent years, the industry is still seen as collections of "cowboys" bombarding the public with junk mail.

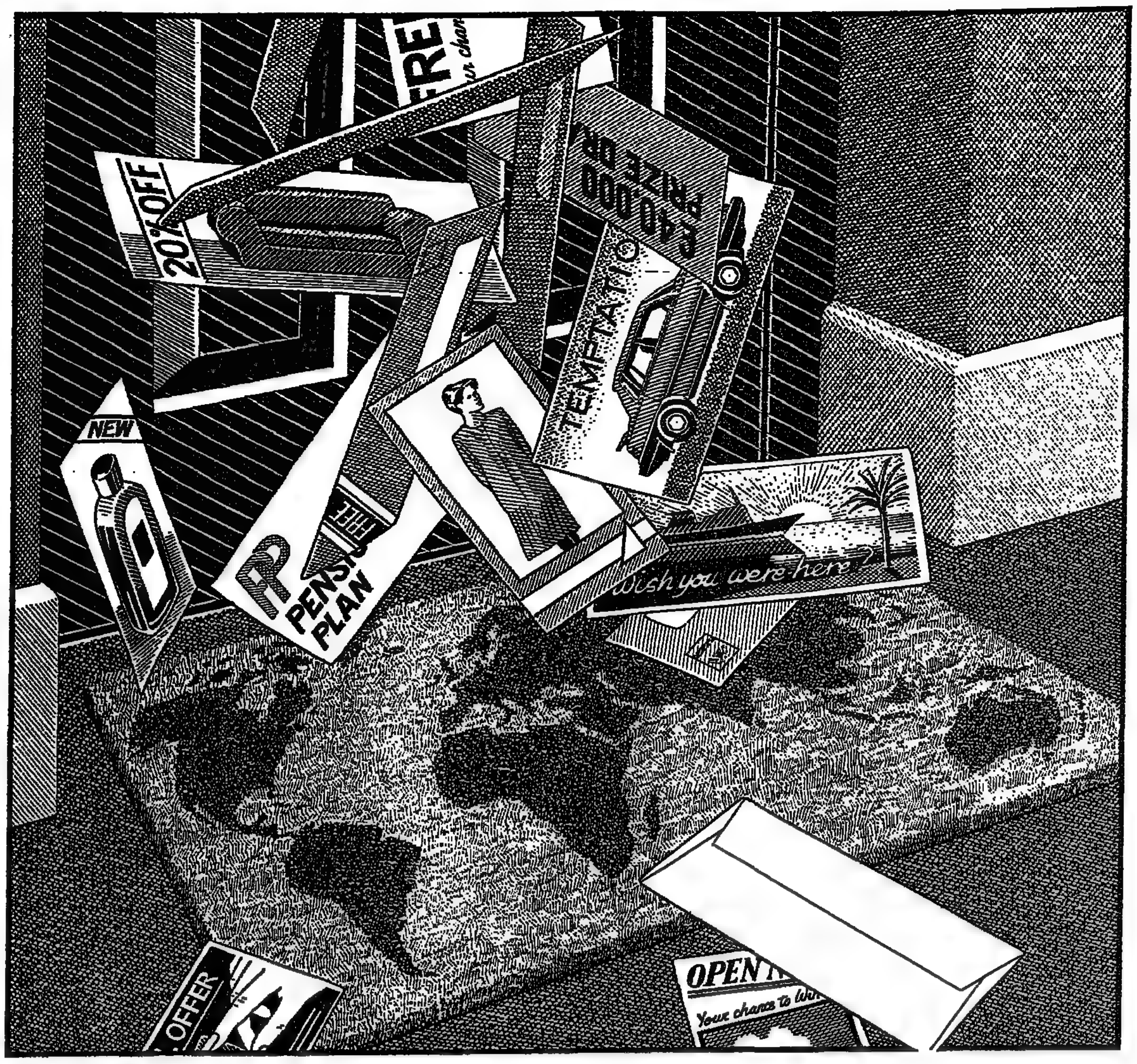
This issue is inextricably linked to the sensitive area of privacy, which is already a controversial subject in Europe and could become increasingly so in the US.

So far the US industry has been able to stave off threatened legislation by arguing that, as it is not in its own interest to alienate or antagonise the public, it should be left to regulate itself. But the sheer scale of direct marketing activity, combined with the sophistication of the techniques now used, may make privacy a hot topic again.

Another emerging issue is the environment. The concept of unsolicited letters clogging up mail-boxes, is far from compatible with a society which is increasingly concerned with the conservation of natural resources. The DMA in New *York is already looking into* the feasibility of the industry using more recycled paper and improving waste disposal.

Perhaps the most important issue of all is globalisation. Although the larger direct consultancies already operate on an international basis, the concept of the international direct marketing campaign is still in its infancy. One problem is that levels of regulation differ from country to country, especially in Europe. Another is that relatively few clients are equipped to execute campaigns across several countries.

But these problems are diminishing. Perhaps the biggest single challenge for direct marketing in the 1990s will be to turn itself into a truly international industry.



International Direct Marketing

In this survey

☐ Privacy threatens the US industry 2
☐ Technology spurs growth in the UK 2
☐ Case studies: First Direct and AmEx corporate card 2
☐ Direct response television 3
☐ Profiles: FKB Group and O&M Direct 3

Illustration: Robin Macfarlan

The overall picture in Europe is jumbled, says **William Dullforce**

Largely uncharted territory ahead

EUROPE has experienced a dynamic, even explosive, expansion in direct marketing over the past decade. But the development has been so unco-ordinated and the overall picture is so jumbled that the big advertising groups and other heavyweight companies manoeuvring for position before the opening of the European Community's single market in 1993 are looking into largely uncharted territory.

Levels of development and, even more importantly, the relevant regulations vary vastly from country to country. The European Commission aims at harmonising regulations among its 12 member states but there is a real danger that further growth may be hampered, rather than promoted, if the industry's operating needs are not more carefully assessed and if no understanding is reached among consumers, governing authorities and direct marketers.

Mr Michael Sutherland, the new chairman of the European Direct Marketing Association (Edma), fears that a Brussels directive on direct marketing, expected later this year, may follow the restrictive legislative line pursued in West Germany and Austria rather than more liberal British and Dutch practices. Edma has started to lobby hard, together with national trading associations, for a self-regulatory approach.

A basic problem in reaching understanding is the dearth of collated statistics on the European industry. Direct marketing is commonly estimated to account for around 35 per cent of total spending on marketing in Europe compared with two-thirds in the US, suggesting that there is still enormous growth potential.

Three West German companies – Otto Versand, Quelle and Bertelsmann – and two British companies – Great Universal Stores and Littlewoods – appear alongside five US concerns among the world's 10 leading mail order companies by sales.

Total mail order turnover in 12 European countries, including seven EC member states, reached Ecu29.4bn ($24.5bn) in 1988, according to Edma. Mail is still the channel for the larger part of direct marketing in Europe which, despite the outstanding success of France's Minitel, lags far behind the US in telemarketing.

On the basis of a survey undertaken with the Bundespost, the Deutscher Direktmarketing Verband (DDV) cites a figure of DM12.8bn ($7.5bn) for the overall volume of direct marketing conducted in West Germany, which is by far the largest market in Europe. Addressed direct mail was estimated to account for just under DM6bn and unaddressed mail for DM693m. The volume of business done by telephone was put at DM1.44bn.

Direct mail, where the seven-year-old Services Postaux Européens (SPE) provides data for a dozen countries, is the only area where reasonably accurate figures appear to exist for the European market.

> **The European Commission aims at *harmonising regulations among its 12 member* states but there is a danger that further growth may be hampered if the industry's needs are not more carefully assessed**

SPE calculated from a sample test that 22 per cent of total European advertising budgets was spent on addressed direct mail to consumers in 1988 with a similar proportion going to unaddressed direct mail. About one-third of budgets was spent on addressed direct mail to businesses, SPE found.

Growth in the volume of goods sold by addressed direct mail averaged about 6 per cent annually in the seven years to 1988, according to SPE. Almost 11.2bn items were dispatched in this way in 1988 in the 12 countries covered. West Germany with 3.6bn items sent through the post dominated the business, followed by France (2.5bn) and Britain (1.8bn). But the Swiss received 96 direct-mail shots per head compared with 59 for the Germans – and a miserly six for the Irish.

In spite of these big disparities in development among individual countries, most participants believe that the quality of the technology used in Europe is on par with that of the US – and in some instances, such as the user-friendly Minitel network, may even be ahead.

But European direct marketers have to cope with the multiplicity of languages, cultural differences and excessively high cross-border telephone call costs, which are unknown to their counterparts in the US.

Big mail-order companies, advertising groups, banks and insurance companies are planning for a single EC market in 1993.

Quelle, the big German mail-order company, for instance, has established units in France and Spain. There will clearly be fiercer competition on national markets but the mail-order concerns at least expect consumers to retain their national perspectives for some time to come.

Mr Sutherland sees "dawnings" of a Euroconsumer among people who travel regularly and are starting to ask why they cannot easily obtain at home the wines, cheeses and clothes they enjoy abroad. But this, he acknowledges, is still a fringe development.

Life-style data bases form an area in which European direct marketing clearly lags behind the US – a situation which illustrates a particular European predicament. In the US specialised companies market stateswide lists, providing millions of addresses broken down according to life-style information, which is supplied voluntarily by consumers.

There is no similar Europe-wide data base. The UK has two companies, NDL and BehaviourBank, there is one in the Netherlands but life-style data bases have been unable to take root in Germany, the biggest market, because of the stringency of German data protection laws.

Paradoxically, life-style bases make targeting more accurate and thus actually reduce the volume of direct mail but in Germany, where such selection is not possible, companies are forced to mail hit-or-miss in larger volumes. If the ability to target is denied, the volume of unwanted mail increases.

The predicament for European direct-marketers, gearing up and increasing efficiency before 1993, is that, if EC harmonisation goes the German way, the immense growth potential they appear to possess may be severely curtailed. The German state of Hesse was the first to pass data protection legislation. Sweden followed in 1973 with an approach focused on giving individuals access to the information held about them on computers rather than on forbidding the collection of data. In 1983 West Germany took a different line based on safeguarding the right to privacy; basically everything is forbidden unless it is specifically permitted.

Edma and some national trade associations are pushing for a self-regulatory solution. Edma, which has moved its headquarters from Geneva to Brussels, has commissioned Access, parliamentary and public affairs consultants, to advise on lobbying and has set up a task force, under Mr Tony Coad, managing director of NDL, to develop a proposal for submission to the European Commission.

Access, having collated all the existing laws and codes among the 12 member states, has concluded that the industry should propose two additions to the eight general principles for the conduct of direct marketing operations enunciated by the Council of Europe. The additions would provide for:

- A European-wide system of mail preference services, or Robinson lists, which consumers could use to avoid unsolicited mail.
- A European complaints board system, possibly based on Danish practice under which a consumer can ask a board to adjudicate, if he is unsatisfied after complaining to an advertiser or data company. Consumers and the industry have equal representation on the Danish board under an independent chairman. The European board would keep a code of conduct under review and recommend changes.

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TOTAL DIRECT MARKETING 19FT

In the US, 92m people shop by phone or mail

Privacy is big threat to the industry

WHEN the Connecticut legislature discussed a ban on "junk faxes" early last year, Governor William O'Neill spoke out strongly against the measure. Such a law would unfairly impede the right to advertise, he argued, and he would veto it.

On the day of the vote, just to make sure, opponents of the bill bombarded him with a stream of supportive letters – by fax.

As a result, he could not receive some important information he had requested. He was so incensed that he changed his mind and helped to pass the restrictions on this new type of unsolicited advertising.

Last year the Direct Marketing Association in New York tracked more than 500 proposed state and federal bills which could have a significant impact on the industry. "Realistically, only 15 to 20 bills had any chance of passing," said Mr Richard Barton, DMA vice-president of government affairs. "But the number has been growing considerably in recent years."

The legislation is moving to catch up with the tremendous expansion of direct marketing over the past decade. Direct mail alone represented $22bn – or 17.8 per cent – of US advertising expenditure during 1989, according to the DMA, an increase from $7bn 10 years earlier.

Since 1983, the number of Americans who shop direct – either by phone or mail – has increased from 57m to 92m, or more than half the total adult population.

In 1988, 12.4bn catalogues were mailed to households by companies such as L.L. Bean and Lands End.

Telemarketing has flourished, too. "The telephone is no longer seen as competing for mail funds, but as part of the whole marketing process," said Ms Geri Gantman, senior partner with Oetting in New York. She points to a tremendous growth in the use of in-bound calls from customers to marketing companies, seeking to purchase or learn more about a product.

There are more than 500,000 "toll-free" numbers in the US, and they received more than 6bn calls during 1988. More recently, "900" numbers, where the caller pays, have become popular among marketers.

Smaller market sectors include the cable and network television shopping channels, which have grown into a $2bn industry since their launch in the mid 1980s. There is also Prodigy, a joint venture between IBM and Sears, which offers a system of on-line shopping through a network of 340,000 computer terminals in private homes.

Number of catalogues mailed in the US (billions)

Year	Number mailed
1980	5.8
1981	6.5
1982	7.1
1983	7.8
1984	9.3
1985	10.2
1986	10.8
1987	11.5
1988	12.4

Source: Direct Marketing Association

Mr Steve Ashlee, an analyst with Blunt, Ellis & Loewi, a Milwaukee firm of stockbrokers, estimated that some direct-marketing consultancies grew at between 20 and 30 per cent a year in the 1980s.

He cited demographic changes as one of the most important catalysts for direct marketing. "People have become value-rich and time-poor," he said. "With more women working, consumers have higher incomes but less time to shop. The quality of catalogue printing and delivery has improved. Shopping by mail has become more acceptable."

Legislation in the US is moving to catch up with the tremendous expansion of direct marketing over the past decade

Other factors that have helped the industry to grow include computer technology which has allowed marketers to create mailing lists and build relationships with customers; the increasing use of credit cards, which make payment and billing simpler; and the widespread adoption of toll-free telephone numbers, where costs are paid by the company called.

Despite the commonly-expressed disgust at junk mail, a 1988 survey by the US Postal Service showed that 63.3 per cent of Americans found third-class mail (which is reserved for advertising material) useful or interesting, and that the average household made 3.5 mail-order purchases a year.

"During the 1980s, database and communication technology penetrated the marketplace," said Mr George Weidemann, president of Grey Direct. "Traditional advertisers caught on that direct marketing was a way of communicating with people one-to-one. There was tremendous growth.

"There has been a natural slowing down over the past two years. The 1987 stock market crash, the wave of leveraged buy-outs and the punishing postal rate increase in spring 1988 had a substantial effect."

Mr Robert Blattberg, professor of marketing at Chicago University's business school, agreed. "I sense that the industry is not doing as well now," he said. "Companies are complaining that response rates are dropping. I see the market flattening during the 1990s. It will be a period of consolidation.

"We are seeing a 'demassification' of the industry, with far greater targeting," he argued. "There is a move from mass marketing to the addressable consumer. Direct marketing has got to be about more than sending a catalogue with a covering letter which says 'Dear Bob'."

Lands End, for instance, is developing catalogues with short print-runs, so it can send versions with different covers and contents, to reflect its customers' interests.

Time magazine has now begun 'selective binding ', so advertisements can go only into those editions sent to subscribers with a certain socio-economic profile.

Interactive shopping systems, which allow consumers to select what information they want to see on their television screens, will develop over the next few years, according to Mr Gary Arlen, publisher of Electronic Shopping News.

The next major challenge for the industry is the rise in postal rates in February next year, which will increase costs by an average of 17 per cent, and by up to 30 per cent for some direct marketers. "There will be dislocations, and some companies will go out of business," said Mr Barton of the DMA.

There is also a growing effort by state and local governments to force direct-marketing companies outside their boundaries to assess sales taxes on every order they receive from within them. This could pose a serious problem for the smaller mailing houses.

"The big issue of the 1990s is going to be privacy," said Mr Barton. "There will probably be moves to restrict the ability of companies to use databases for targeted marketing. It is a big threat to the industry. But I do not think direct marketing is killable."

Andrew Jack

US adults who shopped by phone or mail (millions)

Year	Total population	Direct shoppers	Percentage of population
1983	158.4	57.4	24.5
1984	161.9	64.4	40.0
1985	164.9	76.2	46.2
1986	169.5	87.7	52.0
1987	169.6	88.0	52.0
1988	173.7	88.5	51.0
1989	178.2	91.7	51.4

Source: Simmons Research Bureau

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Clare Sambrook assesses the thriving UK industry

Technology spurs growth

DIRECT marketing is now part and parcel of everyday life in the UK. Invitations to apply for credit cards or to join book clubs clutter up the letterbox. Telephone calls from insurance sales people and travel agents are commonplace.

The direct marketing industry thrived in the 1980s and has begun the 1990s as one of the fastest growing marketing mediums in the UK. The industry owes its growth to demographic change. The falling birth rate, falling death rate and rising divorce rate has resulted in "demassification". There are more households than ever before, but they tend to be smaller in size and to fall into ever more closely defined groups.

Direct marketing has been able to capitalise on these developments by virtue of rapidly improving technology. Since 1960 the cost of computer mainframe storage has fallen 20,000 times, while the speed of operation has increased by a factor of a million.

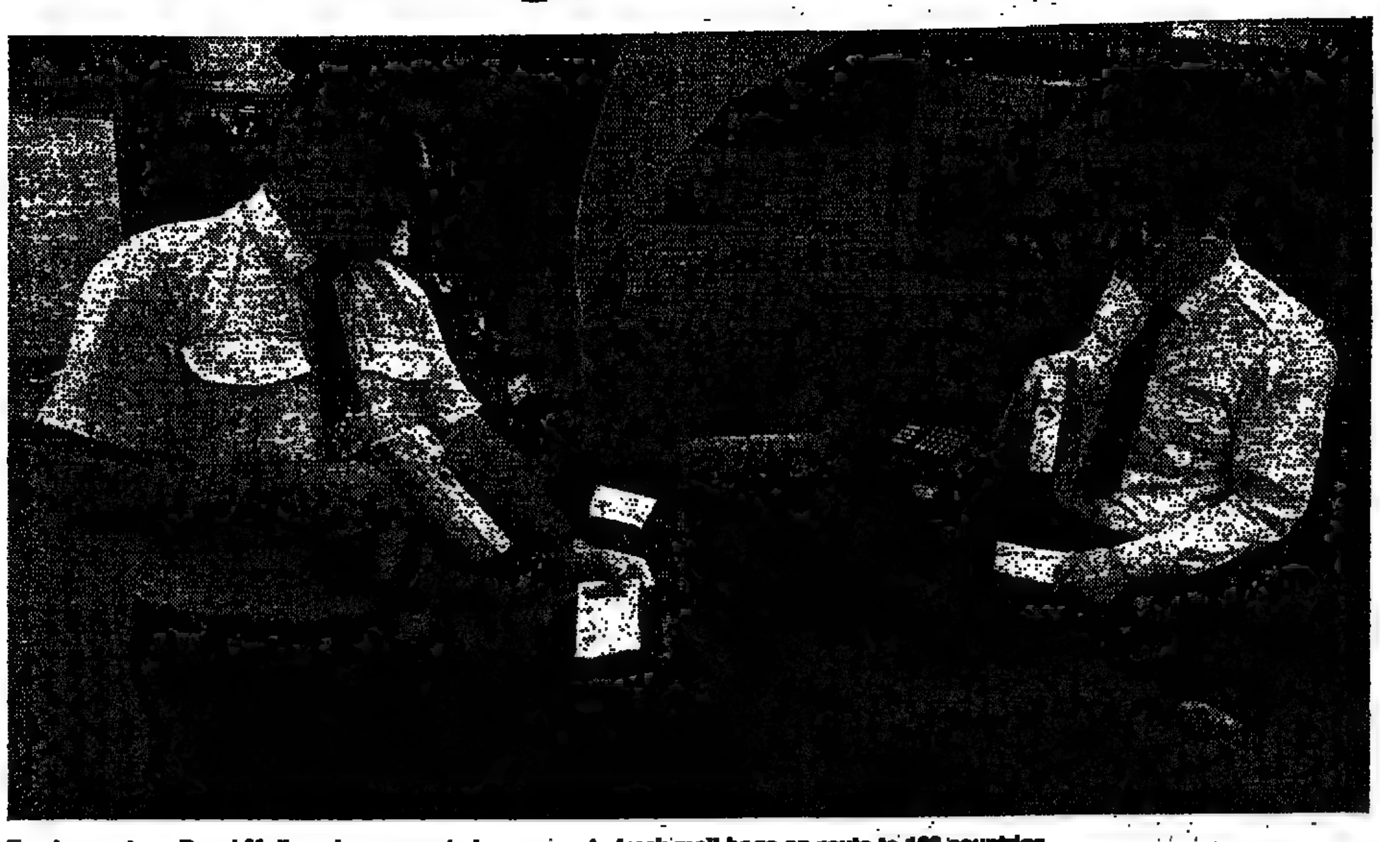
Consumer databases have become more sophisticated, more valuable, yet cheaper to run. Five years ago British Telecom's introduction of 0800 numbers, whereby the caller is not charged, strengthened the industry's ability to generate inbound calls. Previously it had relied on the slower and more expensive medium of Freefone numbers.

Technological advance has also provided the industry with new clients. In its early days direct marketing tended to depend on mail-order catalogues and book clubs as the base of its business. But it attracted new categories of clients, such as computer companies, in the 1980s.

The Programmes Network, which now encompasses the UK's second largest telephone marketing agency (after BT) did much of its business in the early 1980s selling computers. The in-built obsolescence of the product required a speedy marketing medium and telephone-selling met that requirement.

One of the most dynamic sources of new business has been the financial services sector. This sector used direct marketing extensively for the first time in the early 1970s to launch the credit card. Now it accounts for almost 37 per cent of all the direct mail sent in the UK.

The financial service sector is the single biggest source of business for the direct-mail industry. The mail order houses lag behind with just over 20 per cent of the market. Publishers, travel companies, charities, and main-stream retailers are the next biggest users.



Tracing system: Royal Mail workers operate laser guns to track mail-bags en route to 162 countries

Together these companies support a multi-billion pound industry. According to Marketing magazine's latest industry league tables the combined annual turnover of the 46 biggest direct-marketing agencies alone was £236m. The 22 largest telemarketing companies made sales of around £50m.

Direct marketing is still far smaller than sales promotion and is small fry indeed compared to advertising. But it is still growing at a rapid rate. An analysis by WPP, the giant marketing services group, identified direct marketing as the second fastest growing marketing medium, after public relations, in the UK between 1978 and 1988.

The industry future is likely to depend on its ability to jump new hurdles and generate new business opportunities. The introduction of the single market in Europe after 1992 holds a potentially dangerous combination of both.

The industry is already being restructured in the approach to 1992. The most vulnerable companies are probably the publicly-quoted groups, which believe their shares are undervalued by the stock market and which could take refuge in foreign arms.

Earlier this year the KLP Group returned to private ownership when it was taken over by RSCG, the French advertising agency. Dentsu, the giant Japanese marketing group, is now rumoured to be interested in acquiring a stake in the FKB Group.

The industry is divided on whether the single market will be beneficial to direct marketing companies in the UK. Mr Alan Bigg, chairman of Brand Direct Marketing, is an optimist. He is convinced that direct marketing will be at a premium as companies expand across Europe because "it is easier to set up a direct marketing operation than a sales force in a foreign country".

Others are more cautious. They cite the variation in the level of regulation from country to country and fundamental cultural differences as long-term barriers to pan-European direct marketing.

Moreover, the UK industry has yet to prove its worth in new forms of direct marketing. The French and the Belgians, for example, already have valuable experience in computer-based systems. More than 5m French households are now equipped with Minitel, a system introduced as an alternative to the conventional telephone directory, but which is also used to order and pay for goods electronically.

Regulation could also be a problem. The UK industry is already accustomed to wide-ranging legislation – including the Financial Services Act and the Consumer Protection Act – but the legislative restrictions within the single market may be harsher.

Tobacco companies are already building customer databases in preparation for a possible ban on tobacco advertising. But there is also a possibility that future European legislation could crack down heavily on their use of direct marketing.

In the meantime, the industry is concentrating on improving the quality of its service. Further technological advances should help it to improve the accuracy of its targeting.

The industry is also anxious to improve its image. The launch of the Next Directory three years ago gave the home-shopping industry a much needed image boost in that it was much more stylish and sophisticated than the traditional mail-order catalogues.

In the short term, the outlook is reasonably bright, notwithstanding the downturn that is affecting other areas of the marketing services sector. Direct marketing continued its growth in the last recession and the industry hopes it will do so again.

But the real challenge for the industry to continue to attract new clients. The main targets are the companies – like travel agents, motor distributors, retailers and packaged goods manufacturers – that have so far only dipped a toe into the medium of direct marketing.

CASE STUDY: FIRST DIRECT

Banking on phones

FOR First Direct, the new Midland Bank subsidiary, projecting the correct message through its launch campaign was arguably more important than advertising any other big new product.

A recent newspaper cartoon depicting a frustrated would-be bank robber pointing a shotgun at a telephone receiver puts the point neatly. Most products can appeal to consumers from shelves or shop windows. Other banks have a branch on almost every high street. But First Direct exists only on the end of a telephone line. It is Britain's first full all-day, every-day banking service by telephone: the first "bank without branches".

"This means that marketing is our only form of visual communication with our customers," said Ms Jan Smith, First Direct's marketing director. "Getting it right from the start was vital."

Midland designated a £6m budget for the launch of First Direct six months ago. Of this, £2.5m went on media advertising. The rest was invested in an extensive direct marketing programme and the production of a range of brochures, leaflets, and other literature.

The campaign was carefully interlinked in a collaborative exercise between the direct marketing, advertising and design consultancies. "I have had a more intense relationship with an ad agency," said Ms Juliet Sparks, the managing director of Option One Direct, the subsidiary of the Gold Greenlees Trott communications group, which co-ordinated the direct marketing campaign.

For six months before the launch Ms Sparks went to weekly strategy meetings, also attended by Quentin Bell, First Direct's public relations consultancy, Howell Henry Chaldecott Lury, its advertising agency, and, in the early stages, by Wolff Olins and Fitch, the design consultancies.

Unusually, all the advertising was geared to direct response. Howell Henry's television commercials invited viewers to respond by telephone. The press advertisements featuring "tip-on's" – an origami-style envelope stuck to the page, which opened to reveal First Direct's phone number and a business reply card – offered applicants the choice of responding by writing or by telephone.

Every respondent received a mailing pack including an explanatory brochure, a "helpcard" explaining what information applicants needed to open an account and an interest rate card for the various types of account.

Jan Smith, marketing director

The direct marketing campaign sent the same pack to 500,000 carefully selected prospective customers. Ms Smith described them as "people aged 25 to 44, with incomes over £15,OOO and lifestyles that indicated they were likely to be comfortable with the phone."

The target customers were also infrequent television viewers. "Our research showed these people did not necessarily watch much TV, so we needed to be able to get right inside their homes," said Ms Smith.

Reaching the doormat is one thing, but staying out of the waste bin is another and Ms Smith is keenly aware that to be read, direct mail needs to stand out. "The look is very important. When you are launching a new business in a highly competitive market you need a very clear and coherent identity to be noticed," she said.

First Direct used the black-and-white corporate identity, designed by Wolff Olins, across all its literature. It also chose an unusual rectangular-shaped mailing pack. The direct mail campaign generated a good response of 2.3 per cent, compared with the average response rate of under 2 per cent.

The press "tip-ons" also produced an above-average response rate of 0.5 per cent. The usual rate is between 0.2 and 0.4 per cent.

"These response rates may sound low compared to the recall rates for the highest profile media advertising campaigns, but you have to remember that those tiny percentages represent people who have probably already become or who will become customers," said Ms Sparks.

The respondents that did not follow up their inquiries received two further letters prompting them to do so. The letters were gently-worded. "We do not believe in forcing or pressurising people," said Ms Smith.

Another mailing-pack has just gone out to new prospective targets. The bank also plans to explore further direct marketing approaches, including telephone marketing as a follow-up to inquiries.

"Direct marketing works well for us," said Ms Smith. "It is a good way of targeting accurately. Media advertising is more of a 'scattergun' approach." However, First Direct will also continue media advertising throughout the next year.

By the end of last year First Direct had 11,000 customers and 4,000 in the application stage. It hopes to have attracted almost 100,000 customers by the end of 1990. Ultimately, it believes there are 5m people in the market for its kind of "bank-without-branches" service.

Lisa O'Kelly

CASE STUDY: AMEX CORPORATE CARD

Small success story

THE American Express corporate card has been a familiar feature in US companies since the 1960s. In the early days it was targeted towards big businesses, until AmEx realised it was missing out on a lucrative new market among small companies.

Only a few years ago AmEx discovered that almost two thirds of small businesses – that is, companies with fewer than 100 employees – were not aware of the corporate card, or of how it differed from the personal green card.

With the small companies sector showing such dynamic growth, AmEx decided to direct its marketing efforts towards the sector. It developed a new product category – the Small Business Corporate Card – and hired Wunderman Worldwide, the direct marketing consultancy owned by Young & Rubicam, the US marketing group, to help launch it.

"We began by identifying the needs of small companies and then built a product around them," explained Ms Barbara Barsa, vice-president of small business services for AmEx. "In 1987 we started the Small Business Partnership, which helped us to identify and to develop a series of benefits for small business card holders."

These benefits for small firms have remained unchanged since 1988. They include quarterly management reports to review employee expenditure; a range of hotel, car hire and equipment-purchasing discounts similar to those offered by AmEx to large corporations; together with travel and disability accident insurance.

But Mr Mike Becker, creative director of Wunderman, also had his own source of market research. He used what he calls "ethnographic interviews". He visited several dozen small-business owners to conduct detailed interviews which he then used to brief his staff and to help shape a strategy for the new card.

"By late 1988 we decided we had sent so much mail to the same people that maybe the campaign was burnt out," he said. Wunderman then launched the "To Your Success" campaign for the card, based around a theme he had identified from the interviews "being proud out-loud for entrepreneurs".

The result was a direct marketing programme running across all the media. All the television, radio and press ads for the small business card stressed a spirit of enterprise by featuring real small business owners in their workplaces. One showed a boatbuilder with five employees in a workshop, above the slogan "You act like it's your company. Because it is."

"We got under the skin of small business owners by giving them that emotional recognition," said Ms Barsa. "We saw that they did not just have practical needs, but that they also had a desire for a sense of prestige.".

The key to an effective campaign, according to Mr Becker, is to create a "total persuasion system", whereby every element of the marketing is integrated. Shortly after the media campaign had finished, Wunderman launched a direct-mail programme to improve awareness of the card.

The direct mail letter was carefully designed. Wunderman's research showed that, if it was to be read by the business owner, it had to appear to be personalised, rather than part of a mass-mailing. The letters were all sent out first-class in plain envelopes and were written succinctly with distinct claims for the card.

By using a targeted database of existing card customers – and new companies whose financial status had been checked – all the people who received the letter were potential clients with pre-approved credit. As a result, the application form sent with the letter contained very few questions. "We do not like to solicit someone unless we can say we want them as a customer," said Ms Barsa.

All the advertisements also carried an "800" toll-free number to encourage a direct response from prospective customers. Mr Becker wanted to use the theme "success" in the number but discovered that the "1-800 success" number was already owned by a small college in upstate New York. He negotiated to buy it from them for a considerable sum.

Telephone marketing was also used to follow up the small business owners listed on the databases who had received letters but had not responded to them. As well as processing the applications, the telemarketing team was able to offer extra information about the card to prospective customers.

AmEx considers the campaign to have been an unqualified success. One measure of its effectiveness is that the response rate to the direct mail programme more than doubled from its previous level. The campaign even received one of the Direct Marketing Associations's gold Echo awards.

More than 1m small businesses now use the card, twice as many as in 1988. And earlier this year AmEx gave Wunderman a new account to market the card to large, as well as small companies and to some markets outside the US.

Andrew Jack

مكتبة الأصل

PROFILE: FKB GROUP

Consolidation period

EIGHT years ago the FKB Group started life as a small sales promotions agency – Francis Killingbeck Bain – with a staff of seven. It now claims to be "the world's leading independent marketing services company".

The FKB of today is one of the new generation of marketing groups that have diversified from other disciplines to invest heavily in direct marketing. It employs 1,200 people in 35 operating companies – mainly in the UK and the US – involved in everything from direct mail to graphic design. Its sales were more than £65m last year and should be £110m by the end of this year.

FKB has achieved its growth through an aggressive acquisition policy, carried out by former finance director Neil McClure, who joined the group from Saatchi & Saatchi in 1986, but left later to run the Brunning Group. The days of aggressive acquisitions are over and it is now entering a period of consolidation.

Mr Brian Francis, one of the three original partners and now joint chief executive, acknowledges that the biggest task ahead is to pull the various bits of the group together.

"We have grown very quickly," he said. "The feeling in the 1980s was that you had to become a world force to resist hostile takeovers. There are definite benefits to being a worldwide operation, but fast growth brings management problems, especially in assimilating the cultures of different companies."

It remains to be seen whether FKB has succeeded in making itself invulnerable to takeover. Dentsu, the giant Japanese advertising agency, is rumoured to be interested in buying into the group. Such a move would appear to make sense for Dentsu which is eager to expand outside Japan.

FKB refuses to comment on its talks with Dentsu. In the past the official line was that they were discussing possible joint ventures in the Far East. "The talks could be construed a number of ways," said Mr Jonathan Hagger, who replaced Mr McClure as finance director last August. "But nothing is imminent."

There is an atmosphere of battening down the hatches at FKB. Two years ago it began to deal with the new problems of consolidation by restructuring its management. Mr Douglas Bain, joint chief executive, moved to the US to head the team there. The third founding partner, Mr Chris Killingbeck, remains active in Francis Killingbeck Bain, where he oversees creative output. The group also founded Network Marketing International, to develop and co-ordinate its international business.

Despite talk of consolidation and strict financial controls – FKB's debt has risen to £20m as the deferred payments, or earn-outs, on its acquisitions come into play – there is still an atmosphere of optimism among senior management.

FKB, like other below-the-line companies, benefited from a buoyant market in the 1980s and expects the buoyancy to continue in the 1990s. Mr Francis sees sales promotion and direct marketing – which now accounts for around 25 per cent of profits – as parallel activities. Both require an immediate response from a target audience. Both can target consumers more narrowly than conventional advertising and both have lower entry costs.

Thus, although its era of active acquisitions is over, FKB is intent on expansion within direct marketing, especially in the UK.

It already has a sizeable direct marketing business in the US, where it claims to be the fastest growing player in the market. It recently invested $2.5m (£1.5m) in new data processing and production equipment for its US companies.

FKB also owns the largest single sales promotion agency – American Consulting Corp – in the US. It has set a target of 20 per cent organic growth for all the US sales promotion subsidiaries for the next five years.

In the UK, Francis Killingbeck Bain is the second largest sales promotions consultancy, after IMP, which Mr Francis and Mr Killingbeck left to found FKB. But the group's activity in direct marketing has been less exciting to date.

FKB already owns ADS, a Manchester consultancy which does business-to-business and consumer data-based marketing. It recently acquired MHA in Twickenham, whose clients include Citroën and Royal Mail. MHA has since started a financial division.

FKB now sees the development of its UK direct marketing presence as a priority. "I see direct marketing as a huge growth area," said Mr Francis. "Supermarkets have eliminated the human element in shopping. Gone are the days when the village grocer knew his customers and their buying habits. Direct marketing can use technology to help companies to address their customers personally again."

Geraldine Bedell

PROFILE: O&M DIRECT

Giant orchestration system

THIS week the red and white corridors of Ogilvy & Mather's shiny new headquarters on West 49th Street in New York will be filled with the senior executives of its direct marketing companies who have descended on the city for their annual conference.

O&M Direct is the biggest single force in the international direct marketing industry. The delegates at this week's conference are drawn from a workforce of 1,400 people in 46 offices from 28 countries all over the world.

It is not only the largest force in direct marketing but also one of the most influential players.

The dominant trend in the marketing services sector today is the combination of the different marketing disciplines to present an integrated package to the client.

Traditionally the different disciplines – advertising, public relations, sales promotion and direct marketing – have been delivered by independent consultancies, even if those consultancies belonged to the same holding company. These consultancies face a formidable task in overcoming old barriers and rivalries if they are to work together.

Yet O&M Direct has grown up as an integrated part of the Ogilvy Group. Although it has always handled its own independent accounts, a large part of its business has been executed – or orchestrated, in Ogilvy jargon – as part of a co-ordinated programme involving all the other disciplines.

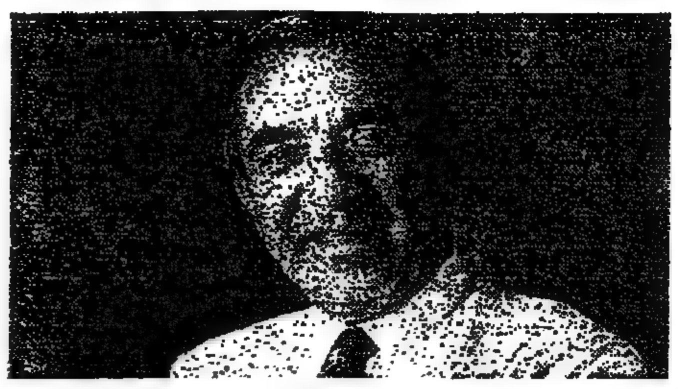
This concept of integrating direct marketing with all the other disciplines was adopted by the Ogilvy Group from the very start.

Mr David Ogilvy, the urbane and idiosyncratic Englishman who founded the group, began his career as an advertising copywriter but soon realised he could apply the same skills to other disciplines. In his book, Ogilvy on Advertising, he described direct mail as "my first love and secret weapon".

"David Ogilvy showed an interest in direct marketing as long as 50 years ago," said Mr Jerry Pickholz, who runs O&M Direct today as chairman. "It was his vision that built the business."

The Ogilvy Group was also fortunate that, in American Express, it had a client which was not only conceptually committed to integrating all the different aspects of its marketing, but also had the infrastructure and resources needed to execute such a strategy.

In the early 1970s the group set up a small direct marketing subsidiary in New York which worked on AmEx from the very start. A few years later it began to build an international direct network. By the early 1980s it had opened or acquired offices in most of the major European cities and had an embryonic operation in Asia-Pacific.



Jerry Pickholz: cautious about expanding into eastern Europe

Today O&M Direct derives 55 per cent of its revenue – $107m (£65m) in 1989 – outside the US. For the future it plans to expand into Japan. The Ogilvy Group, under its new owners the WPP Group of the UK, has already staged two unsuccessful attempts to enter the Japanese market and is now trying again.

Mr Pickholz is also keen to expand into eastern Europe. But he is cautious about the prospects of doing so until the necessary systems for postage, payment and distribution are in place.

"It will happen eventually," he said. "And it will happen in East Germany earlier than in Romania. But we will wait until the infrastructure is in place."

In the meantime the emphasis across the group is to improve the orchestration system. The structure for orchestration is already in place.

The Ogilvy Group has established a matrix model of management whereby everyone reports to at least two people: the head of country and head of discipline.

"We have been working hard at orchestration for years and have been modestly successful," said Mr Pickholz. "But the success of the system really depends on individuals, on how pro-active they are prepared to be."

O&M Direct is also refining its approach to international campaigns. It has already worked on some global programmes including one for AmEx and another for Mattel's Barbie doll.

But Mr Pickholz expects to see more and more campaigns in future where the same strategy is used worldwide, even if there are local adaptations in execution.

The arrival of the WPP Group, which acquired Ogilvy & Mather after a bitter bid battle last summer, has made little difference to the day-to-day running of the business but has had an enormous impact on the financial systems.

"As far as I am concerned the changes have made my life easier," said Mr Pickholz. "I get information in greater detail and I get it much faster. It is now much easier to identify problems and to act on them."

For the future he does not envisage any dramatic changes in direction for the business. "We are now on track," he said. "There will be no sharp right turns on to the other side of the road."

Alice Rawsthorn

Direct response television

Temptation for viewers

THE commercial breaks between the soap operas and game shows that fill the US television channels are filled with advertisements enticing viewers to buy cars, holidays or clothes by telephone on "800" numbers.

Direct response television is one of the fastest growing forms of advertising in the US. "A number of things that happened independently, but at about the same time, have led to an explosion in direct response television in the last few years," said Ms Sheila James, president of Harbor Associates in Greenwich, Connecticut, a direct response consultant and producer.

In the mid-1980s the Federal Communications Commission suspended a regulation restricting the length of TV commercials and the number that could run hourly.

This opened the way for advertising agencies to experiment with longer spots than the 120-second commercials traditionally used for direct response.

Cable television has been discovered by national advertisers as an alternative to the networks

At the same time cable television became a powerful advertising medium. By the late 1980s it was used by more than half of American homes with as many as 80 or 100 channels available to viewers. The new cable networks boosted their revenue by selling time to direct response advertisers.

The US advertising agencies, which had already acquired or opened direct-marketing consultancies, started to develop the concept of integrated marketing. "In a new cost-effective environment, direct response commercials made sense for advertisers," said Ms Francie Barson, media director of Eicoff in Chicago, the Ogilvy & Mather subsidiary which is the biggest single direct response television agency.

The traditional users of direct marketing – book clubs, financial services companies and magazines – turned to direct response television, as did the traditional mass-media advertisers such as packaged goods manufacturers.

Even charities have turned to direct response. The Christian Children's fund in Richmond, Virginia – which had been hurt by the recent scandals over TV evangelists – used direct response television to combat "compassion fatigue" by publicising the famine in Ethiopia. The response to the campaign was double that of its existing advertising.

All these factors point to dramatic growth in direct response television, but it is impossible to estimate the size of the market with any certainty. The closest indication comes from the Cable Television Advertising Bureau which said that among the six major cable channels direct response represented $1.5m, a scant 5 per cent of total revenue.

Direct response commercials come in a variety of formats. There are 30-second slots and 30-minute "advertorials". There are also "infomercials" and whole cable channels devoted to 24-hour shopping services.

Most direct response advertising is produced and placed by specialist agencies. These include Eicoff and Ellentuck & Springer. The direct marketing consultancies – such as Wunderman Worldwide, part of Young & Rubicam, and Grey Direct, a subsidiary of the Grey advertising agency – are also involved in direct response.

These agencies are now being called upon to develop more sophisticated direct response commercials, to develop new means of distribution and to provide information for databases to target consumers more effectively.

Mr Ron Bliwas, president and chief executive officer of Eicoff, believes that direct response television has reached maturity. Cable television, which provided much of the impetus for growth, has been discovered by national advertisers as an alternative to the networks, where audience ratings are falling. Hence cable rates are rising and the availability of slots for direct response is diminishing.

One possibility for further growth lies in a move to syndicated television, where programmes previously broadcast on the networks are run on independent stations.

But changes in the length and style of direct response commercials could run the risk of stirring up controversy over the distinction between programming and advertising. Some observers suspect the controversy is already beginning. Ms Lorna Christie, head of the ethics section of the Direct Marketing Association in New York, said her office has already seen an increase in the number of complaints regarding health frauds and erroneous comparison pricing.

It remains to be seen whether direct response television, perhaps the most dynamic advertising medium of the 1980s, can get to grips with the challenge of becoming a more mature medium.

Amy Zipkin

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TECHNOLOGY

David Fishlock explains the role of the Shoe and Allied Trades Research Association

Support to keep one step ahead

"OUR BUSINESS isn't research – it's membership", says Graham Butlin, the physicist who has been running the Shoe and Allied Trades Research Association for the past 14 years. "Membership is a superb business to be in. It's upfront money – they pay a year in advance."

Butlin, Satra's chief executive, claims he has found a successful formula for managing co-operative research and development for a craft industry. As evidence, he points to the fact that he recruits five times as many new members a year as he loses. Satra currently has 500 members, who are either shoemakers, suppliers, or retailers.

Satra was also approached by the US Government to assist in the creation of a co-operative R&D operation for the US shoemaking industry. In the UK, the garment industry asked him to set up a parallel R&D activity on its behalf.

While Satra will set up R&D operations for such organisations, it will undertake R&D only for members. It will not be wooed by lucrative contracts, even for studies that want to tap Satra's expertise for problems outside shoemaking. Butlin turned down the Ministry of Defence when it asked for his help with the behaviour of "rubber bullets".

Like other British research associations set up after the First World War when the Government first realised how far many UK industries trailed behind Europe in technology, Satra was once heavily subsidised by the taxpayer. This year only about 13 per cent will come from Government; next year it may have dwindled to 10 per cent.

Most research associations take the view that they are technology-based – collectively they call themselves research and technology organisations (RTOs) – and try to counter dwindling state support by seeking industrial backers for specific R&D proposals.

Butlin, currently president of the Association of Industrial Research and Technology Organisations representing 48 RTOs, believes contract research cannot work in such a commercial sector as his own. His average member-company has only about 200 employees. Hardly any employ scientists. Satra would therefore have few clients who might understand its research proposals. "We'd spend far too much time trying to persuade them."

Even after three decades with Satra, Butlin still bubbles with enthusiasm for his industry. He argues that Satra is the best judge of the type of R&D which will benefit his clients. "Join our club and we will plan a co-operative R&D programme the output from which will give you a very good return on your investment."

Butlin is wary of undertaking an exclusive contract lest it should "quarantine" an area of expertise of general interest to his members. All of Satra's R&D must have value to the footwear industry as a whole. This philosophy helped shape plans for clothing R&D in the late 1980s (see below), where some enthusiasts perceived similarities and the possibility of adapting highly productive shoemaking technology to the garment industry. But similarities are superficial, mainly because both are subject to fashion, Butlin says.

Shoemaking, with makers producing 20-40 different styles, each requiring 30-40 operations in small batches on the same production line, "is one of the most complex manufacturing procedures we know of." Garment-makers, in contrast, tend to tool up for runs of the same garment lasting for several weeks. Satra has spent about £100,000 adapting computer-aided layout of shoe-stitching operations to the needs of garment-makers.

Then there are the idiosyncrasies of the shoemaker's staple material. Leather flows under stress – creeps, as the metallurgist would say. This unique kind of "deterioration" helps the shoemaker but also helps the product adapt to imperfections in the wearer.

Satra thinks it knows what makes shoes squeak – usually friction between different materials – but is still trying to understand some of the processes it has invented, such as why steam can set leather in seconds when it would otherwise take two to three weeks.

Co-operative research, he contends, is about developing enabling technology to a point where members can use it confidently however they wish. It is about just-in-time manufacture and rapid response to the marketplace.

Ron Whittaker, as research director, runs Satra's research programme, harnessing a team of about 90 technologists based in Kettering, Northamptonshire. He will spend about £1.4m of Satra's total income of £3.25m this year.

One of Whittaker's successes is a way of calculating how much leather will be needed to make a new design of shoe. It saves 5 per cent of material, on average, and about 100 of his members use it.

One that failed, however, was an attempt to replace the worker who cuts the leather by hand with a robot armed with high-pressure jets of water. Technically, it was a success and could beat the productivity of the cutters. But the cutters soon showed they could match the robot in output and Satra found itself caught up in factory politics.

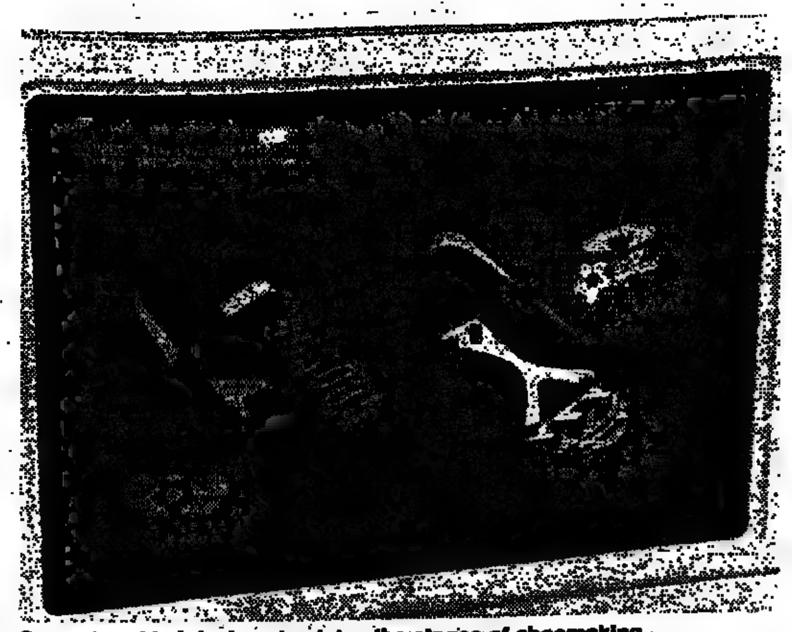
"We spent a long time examining why it failed," says Butlin. Ten companies said they wanted it but no one put it in. Satra concluded it failed to win acceptance because it meant too radical a change for its members to offset the expected 5-10 per cent saving in leather. They further concluded that Satra should avoid development of new shoemaking machinery unless under contract to a shoe-machinery maker who would undertake to try it in the factory.

The kind of low-cost, high-technology innovation Satra finds popular among its members are computer simulations of the traditional stages in shoemaking, to aid the factory layout of such stages as the "clicking room" where the leather is cut, and the "closing room" where the upper is wrapped round the shoe. Rewards are reaped in improved productivity and smaller inventories of partly made shoes.

Satra believes it came close to simulating all 30-40 shoemaking operations until researchers realised how many adjustments supervisors regularly made in order to circumvent manufacturing bottlenecks – a finding that increased the complexity of simulation a hundred-fold. "It's beat us for the moment," Butlin confesses.

One of his grievances is that the Department of Trade and Industry fails to recognise factory-floor simulations – they are strictly operational research – as the kind of research it should be supporting with funds. "Not science", officials say. "This is where I fall out with Government policy," Butlin complains.

His response is to negotiate partnerships with related research institutes overseas as well as turning his operational research skills on to problems for the retailing side of his membership.



Computer-aided design simulates the stages of shoemaking

THE CLOTHING Technology Centre, located on the same site as Satra in Kettering, Northamptonshire, was set up in 1987 for the British Clothing Industry Association. It operates on the same basis as Satra, with some 470 members. Its director, Alan Carter, seconded from Satra, hopes to achieve a £500,000 budget by 1993.

He has eight researchers and plans to expand to 25, working for an industry four times the size of the shoe industry. The UK clothing industry spends about £2bn a year on its materials.

His big development is Apparel Vision Stitch (AVP), in which about £100,000 has been invested to adapt ideas from shoemaking to garment-making. AVP is a computer-aided manufacturing simulation that allows garment-makers to quantify factory working practices and alter conditions to increase output.

Carter claims the following increases for his members: 27 per cent in the productivity of sheets, up to 30 per cent for shirts, and up to 40 per cent for children's apparel. Similarly, AVP has adapted Satra studies into better utilisation of leather, to optimise the cutting of fabrics and claims "predicted savings per company are averaging £45,000 per year."

Presenting a choice programme

Bernard Simon watches Canada's Interactive TV, which allows viewers to select the coverage

Some 15,000 television viewers in Montreal were able to immerse themselves in the recent Academy Awards presentation like no others in North America. Besides the Oscar ceremony itself (either in English or translated into French), they could choose at any time between a studio discussion on the Oscar nominees (with the ceremony displayed in a corner of the screen), short extracts from each of the nominated films or a taped replay of the arrival of celebrities at the Dorothy Chandler Pavilion in Los Angeles.

The Montrealers are the first subscribers to Videoway, a pioneering cable-TV package which not only expands the variety of offerings on TV, but gets viewers more involved in choosing what they see.

The Oscar options were one of a growing number of programmes being transmitted on the most innovative part of the Videoway package, known as Interactive TV. Instead of corralling viewers into a single herd which must either take or leave a TV station's programmes, Interactive TV allows the station to tailor its signal to different tastes.

Among other interactive-TV offerings now available to Videoway subscribers are the evening news on Canada's leading French-language TV station, and Wednesday night ice hockey games. The news starts off with a nine-minute summary of about a dozen top stories. At each commercial break, a choice of options appears on the screen. By pressing one of four buttons on their keypad, viewers can either stay with the news summary, watch an extended version of various stories, or switch to sports, cultural or other features.

One regular feature is Flash Montreal, a guide to entertainment in the city each evening. Choices for the hockey games include the normal commentary; the same commentary, but with a seven-second delay to allow replays (or taping); and two cameras which follow individual star players.

Interactive TV also enables quiz-show watchers to pick questions of varying difficulty, then to answer questions appearing on the screen, tally their scores and select various prizes.

Videoway and Interactive TV are the brainchild of Le Groupe Vidéotron, Canada's second biggest cable-TV operator, which also has a growing presence in Britain through cable-TV franchises in Southampton and several parts of London, including Wandsworth, Lambeth, Southwark, Greenwich and Lewisham.

In addition to Interactive TV, the Videoway package offers an electronic mail system, 15 video games and more than 100 videotex services, ranging from world weather to the past year's winning lottery numbers. A Videoway subscription (plus one pay-TV channel) costs C$18.95 (£10) a month (in addition to the basic C$19.95 per month cable-TV fees).

But Vidéotron reports that it has signed up about 1,300 new subscribers a week since the system made its debut at the end of January. A planned advertising campaign has been cancelled as the company struggles to keep up with demand for the special keypads and terminals required to receive Videoway.

The 32-button Videoway keypad has four extra keys for each of the Interactive TV choices, as well as a "mode" key to switch to various parts of the package. The heart of the system, however, is the box-shaped terminal placed above or below the TV set in place of the normal cable-TV converter. Michel Dufresne, president of Les Enterprises Videoway, Vidéotron's research and development arm, describes the terminal as a "video-computer with a capacity for communication."

It includes a high-speed, four megabits-per-second modem, a pay-TV decoder, a descrambler, and an unusually powerful processor. The eight-bit processor has four peripheral custom chips which give it the overall processing and memory capacity of a low-end personal computer.

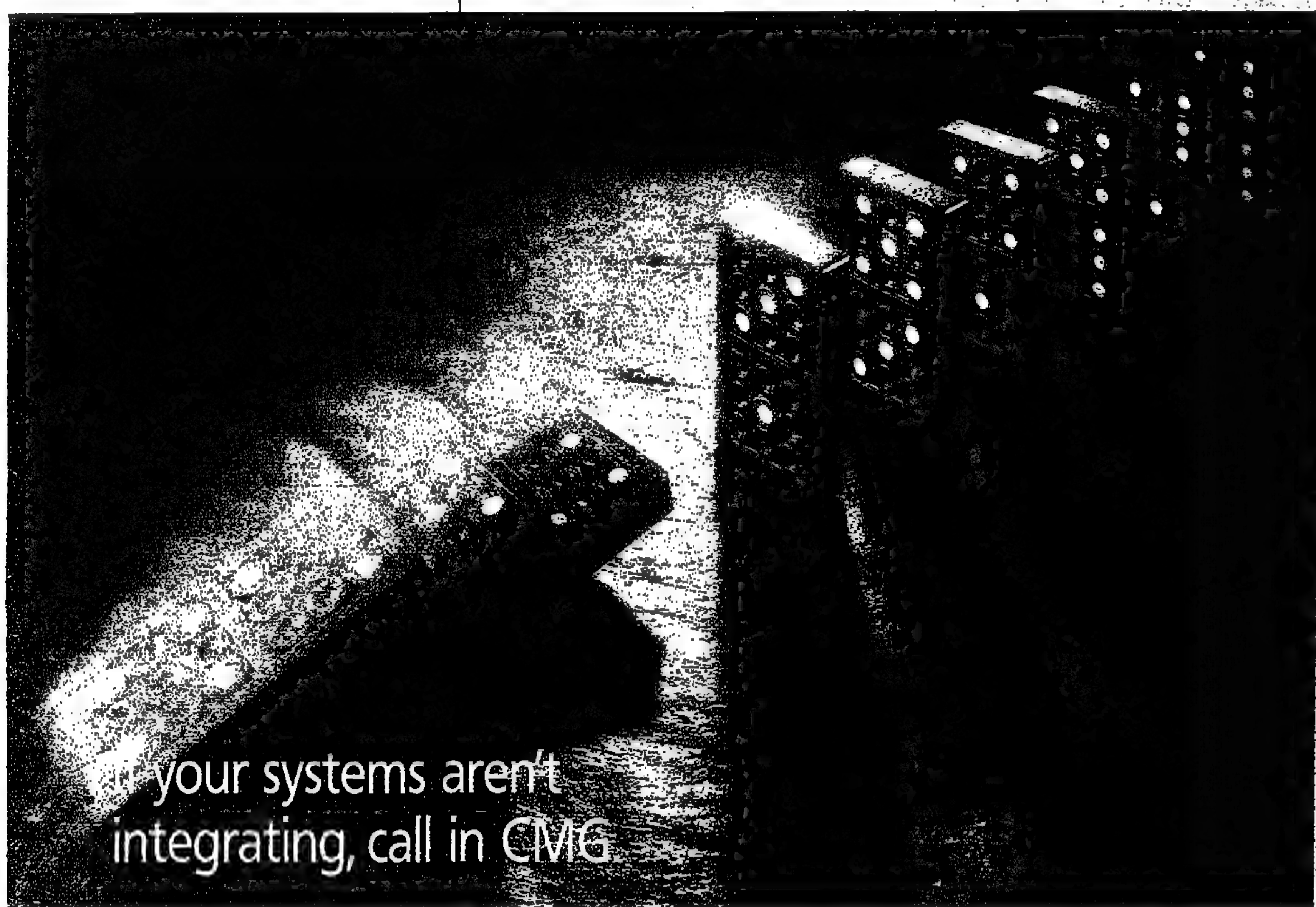
The terminal is compatible with all cable-TV delivery systems – coaxial cable, fibre-optics, microwave and satellite. Dufresne reports that 90 per cent of Videoway subscribers so far have chosen to instal the terminal themselves, and that about eight in 10 subscribers are fully familiar with the system within a month.

Vidéotron, which has developed both the software and hardware for the terminal, plans to add a "frame-grabbing" device to freeze pictures on the screen, allowing a teleshopping catalogue to be added to the range of Videoway services.

While viewers have stampeded to subscribe to the new service, television stations are concerned about the cost of supplying the extra material needed for Interactive TV. One Montreal station using the system has added nine people to its production staff. In an effort to trim costs, the two stations on the system are using footage which would otherwise be discarded, a strategy which raises the risk of allowing quality to drop.

Vidéotron is also providing a computerised coding system which it says will reduce costs by automating more of the Interactive TV production process. The company's target is to bring down the cost of Interactive TV to within 20 per cent to 25 per cent of normal programming.

Vidéotron plans to start distributing Videoway to its British subscribers by next autumn, and to licence a US cable-TV operator by the end of the year. Some modifications will be made to the package, including a pay-per-view option which, for regulatory reasons, is not available in Canada.



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ARTS

Troubleshooting in the manufacturing industry: Sir John Harvey-Jones at Churchill potteries

TELEVISION

Home truths on making good

Manufacturing industry has always had a poor deal from television, which makes the theory behind the BBC2 *Troubleshooter* series all the more interesting, and the content of the programmes in practice all the more fascinating. With any subject television tends to reflect the prevailing attitude nationally while, at an individual level, serving to reinforce the prejudices of the viewer, whatever they may be.

This applies to everything from religion or cookery to violence. Just like the British, and the human race in general, television is much given to violence, and the portrayal of violence, according to the more credible research projects, reinforces the violent predilections of delinquent young men. Yet, as all of us can see, it simultaneously reinforces the dislike of violence in the Whitehouse faction.

The rule appears to apply equally to manufacturing industry, though there may, perhaps, be a special influence at work here. Certainly if you accept the orthodox view that the British look down upon all aspects of commerce, and in particular turn up their noses at manufacturing (with ambitious parents nudging their children into the law, medicine, or even the mass media nowadays, rather than industry) television seems to reflect that attitude. Apart from the occasional schools programme in a careers series showing a factory production line, or a late night programme about industrial relations on Channel 4 or BBC2, there is desperately little of any sort.

The special influence which may be at work is television's recruiting practices. A disproportionate number of television producers hold arts and humanities degrees. A much smaller number hold science degrees. Those from either of the Two Cultures who have ever worked in manufacturing could probably be accommodated comfortably at a single table in the BBC Club. The result is obvious: the schedules are awash with programmes about the arts, social sciences, politics and the humanities, but bereft of programmes about manufacturing.

Last night you could watch an arts-and-crafts programme about knitting, another about travel in India, a third about the lives of army wives, one of several regular series about gardening, a weekly programme about motoring, and of course dear old Channel 4 provided an hour-long opportunity to "celebrate the strengths and varieties of lesbian parenting."

Tonight you can inform yourself about the arts in South Africa, the travels of Thor Heyerdahl, the history of Rhodesia/Zimbabwe, child care in Fife, and the 1957 Windscale fire. Tomorrow there are programmes about the environment, Soviet Jews in Israel, Greek tragedy, and women who edit tabloid newspapers. There is nothing abnormal about all this: it is the usual sort of mixture. The unusual detail is the presence on BBC2 last night of the fourth in the *Troubleshooter* series.

This particular programme was the exception within the series in being about the management and economics of the National Health Service. The other programmes so far have been about Tri-ang toys, Copella apple juice and Apricot computers. Still to come are programmes about Morgan cars and Churchill china followed by a discussion involving all the organisations featured.

The "troubleshooter" of the title is Sir John Harvey-Jones, former head of ICI, who visits each firm, looks at the books, inspects the working practices, talks to the middle managers and the men at the top and, once in a while, in rather a royal-visit manner, to the people on the shop floor. Then, with a frankness amounting almost to brutality which, however, he carries off because of his charm, shrewdness and enthusiasm, he delivers a series of home truths about their futures.

Since 80 per cent of us these days are not involved in manufacturing there is a great need of programmes like these to show us what it is like, and I surely cannot be alone in watching this series with eyes broadening in astonishment. No doubt the little we see about foreign industry emphasises the modern and the efficient, and no doubt the British companies which volunteered to undergo Sir John's inspection did so because they were among those that felt something was wrong.

But, even taking all that into account, my reaction after watching the whole series (apart from the discussion which has yet to take place) comes close to my feelings about the Second World War: as more and more information emerges about the ruthlessness and efficiency of the Nazis and the Third Reich, it becomes increasingly difficult to understand how the Allies ever won. Similarly, watching *Troubleshooter*, it is hard to believe that British manufacturers are able to compete at all with the Japanese or the Germans. There seems to be the most astounding lack of planning and even of simple rational thinking of the sort needed to run an efficient family household.

Gazing across the floor of the Tri-ang factory, Sir John murmured "Well, this is controlled – or uncontrolled – chaos, isn't it?" At Copella he remarked "You can't go on as you are; it's absolutely ridiculous." Of Apricot he said "I'm getting more and more depressed about the *manufacturing output. They're trying to* push water uphill." Told at the Churchill pottery (turnover £25 million) that they spend £5,000 a year buying designs, Sir John muses "Difficult not to go up-market from that." And at Morgan cars he has a sublime English conversation with what can only be described as an artisan:

"How long have you been here?"

"Thirty one years."

"Always on chassis?"

"Yes".

"Seen many changes?"

"No."

Admittedly all the companies reviewed in this series are relatively small; apart from the Shropshire Health Authority, which employs 7,000, the two largest are Churchill and Apricot, each of which employs 1,000. And three of the five manufacturing companies (Copella, Morgan and Churchill) are decidedly family concerns.

Perhaps it is not so very surprising, then, that one of the most striking points to emerge from the series is that the primary consideration which drives Sir John – business efficiency – is not necessarily the same as that which drives these families and their workforces. Despite the supposed ascendancy of Thatcherite enterprise today there is clearly still much thought in this country about maintaining traditions, and keeping people happy.

Remembering the main impression about manufacturing industry conveyed to us by television, of an unending sequence of confrontations between Luddite workers and inhuman managers, it is interesting to observe the good nature and contentedness of many of those appearing in these programmes.

In the end you get the feeling that Sir John was called in either to square a circle ("We are all very happy using 1930 methods on a 1930 site to build a 1930 design: how do we make a 1990 profit?") or to act the tough outsider and announce changes which everyone knows to be necessary, but shies away from admitting. His commonest function is to be the cruel realist who recognises that if international competition drives you out of business, traditions and happiness both disappear.

These programmes have their faults. It is not always clear whether changes – as at Tri-ang, for instance – occurred because of Sir John's suggestions, or in spite of them. Details of the manufacturing process, as at Apricot, are often left unhelpfully vague. Some of the fly-on-the-wall camera set ups create doubts in the viewer's mind: when the camera observes Sir John entering the managing director's office and saying "Hallo, Harvey-Jones," is that rehearsed or not?

But on the whole they make good, even engrossing, television. Following the creation of a peculiarly cosy, almost Dickensian atmosphere with these comparatively *small companies, perhaps Sir John and the* BBC could go on to review some of Britain's larger companies which do export successfully: ICI, say, or Sheffield Forgemasters, perhaps.

Christopher Dunkley

The Miracle of our Lady

JANACEK THEATRE, BRNO

In political importance, Brno has traditionally fallen between the two poles of Prague and Bratislava. Its cultural significance, however, has never been in doubt, as this inspiring new production of Martinu's *The Miracle of Our Lady* confirms. Brno harks back to a musical world that has virtually disappeared in the West – it has its own particular interpretative tradition and composer-association, a large resident ensemble, conductors who live and work in the community, and an audience drawn entirely from the local region. Brno does not appear on international opera schedules, and a journey there needs time and careful planning. But the visitor from afar is rewarded many times over.

While Janacek remains the staple of the repertory, the highlights of the current season have been a staging of Dvorak's *Dmitrij* and a series of events marking the Martinu centenary. Of the 15 programmes in the Brno State Philharmonic Orchestra's subscription series, no less than 12 include a major Martinu work. The Brno performances of *The Miracle of Our Lady (Hry o Marii)* are the first opportunity to assess this unusual set of four mystery plays since a Czechoslovak Television production more than 20 years ago.

The work was premièred in Brno in 1935. It enjoyed immediate recognition, but its folk-religious character was anathema to the Nazis and Communists. After being revived at Wiesbaden in 1966 in a German-language production by Kaslik and Svoboda, it was briefly taken up again by three different Czech theatres in the 1968-9 season. This new production at Brno, conducted with total conviction by Jiri Belohlavek, coincides with the issue of a Supraphon recording under the same conductor.

The score of *The Miracle of Our Lady* suggests that by the mid-1930s Martinu was in control of the influences which the cosmopolitan world of Paris had had on his musical personality. Although still resident in France, he was feeling a strong pull back to his Czech roots. This is most clearly felt in the extensive choral contributions: the harmony is full and transparent, melodies are almost naively simple and their development admirably pure and concise. The syncopations have become integrated into the overall rhythmic structure. The textures and sunny, pastoral lyricism – a foretaste of his American "prairie" idiom – are unmistakable Martinu.

Hana Malkova

For his subject-matter, Martinu turned to medieval mysteries and miracles, viewing them through secular modern eyes and enfolding them in Czech customs, dances and legends. The result is just as original as Martinu's other stage works. Closer to a dramatic cantata than conventional opera, *The Miracle of Our Lady* definitely blossoms in a theatre setting. Two short static panels elaborated from biblical stories, "The Wise and Foolish Virgins" and "The Nativity," are contrasted with the more dramatic settings of "Mariken of Nijmegen" and "Sister Paskalina," in which the ultimate victory of good over evil is illustrated in the life of a central female character. The overall effect is devotional, wholesome and moving, a paean to Czech art and folklore.

It would be easy to allow the stage presentation of such material to dissolve into kitsch. That the Brno production avoided this was a tribute to its sincerity. Jan Vancura provided colourful, representational designs which preserved the separate identity of each of the four plays. The parable of the virgins resembled an ornate blue confection on three levels, with simple illustrative choreography and a static chorus in traditional costume in the foreground. The nativity was a children's picture-book portrait of a Czech village. The stage director, Alena Vanakova, deserves credit for the restraint and expressive poise of these scenes. The two longer panels unfolded with a primitive urgency, though the ballet of devils in "Mariken of Nijmegen" was not nearly erotic enough.

The standard of musical execution was superb from start to finish. Beloblavek, taking time off from his new responsibilities with the Czech Philharmonic, exercises the kind of dead-pan control that makes sense of Martinu's rollicking rhythms and hectic ostinatos: the Brno orchestra responded with precision, security and flair, the accents placed in such a way as to make them seem totally natural. The choral singing was of uniform purity and agility – an outstanding feature of the evening, particularly in the women's dancing Alleluia in "Mariken" and the hymn for triple chorus at the end of "The Nativity." There were vigorous contributions from a long line of principal singers, including Richard Novak and Magda Klobouckova in "The Nativity" and Hana Malkova, whose Paskalina seemed a distant relative of Suor Angelica. Altogether, a triumph for Brno and for Martinu, and a real discovery for anyone who cares about 20th century musical theatre.

Andrew Clark

Ballet in Italy during the spring season

Terpsichore is one of the muses represented on the facade of the elegant Teatro Argentina in Rome, but only rarely does her art find a place in the programmes. In mid-March there was a gap in the season of the Teatro di Roma, which was filled by a brief series of dance performances.

First, the Riga Ballet brought *The Sleeping Beauty* and its familiar production of *Swan Lake*. While the Latvian company has a full orchestra and large stage at home, in Italy it has yet to appear in a completely suitable setting. In Rome, it had to make do with taped accompaniment and a limited number of dancers. The court was, indeed, so pathetically small and poor-looking that one could well understand the king and queen's eagerness to marry Aurora off. Unfortunately, we had no opportunity to assess the prince's background, for – with no warning of any kind – Act 2 was eliminated.

At all events, despite the rather tatty costumes, the company as a whole made a very good impression, particularly on the female side. As Aurora, Inesse Dumpe danced with attractive ease and outstandingly harmonious arm movements, but her fixed open-mouthed smile detracted from her charm. Andrey Rumiantzev looked rather a stick as Desire, contributing an undistinguished solo at the wedding, during which the Bluebird, Marian Butkevich, supplied the best dancing.

Notwithstanding the omission of Act 2, the Lilac Fairy (Lita Beiris) had a substantial role, for in Alexander Lemberg's production not only does she share the throne with the royal parents but also directs Desire in his encounter with Carabosse (glamorous Zane Lleldnzba). The Riga company should be seen to greater advantage in June, when it appears with orchestra in Genoa, in its production of *Le Corsaire*.

There had been no ballet performances at all this year in Rome until the unexpected arrival of the Riga Ballet. Typically, in that same week Elisabetta Terabust, the new director of the Rome Opera Ballet School organised a "marathon" at the Teatro Brancaccio with the aim of raising money for a new rehearsal room. She danced twice, once with Alessandro Molin and once with Luigi Bonino; other participants included Vladimir Derevianko, Raffaele Paganini, Luciana Savignano, Toni Candeloro, Aterballetto and the Balletto di Toscana. The programme opened with a glowing performance of the balcony scene pas de deux from Kenneth Macmillan's *Romeo and Juliet* by Viviana Durante and Bruce Sansom, both making their Rome debut, Durante in her home town.

In Milan, a heartening feature of the season so far has been the resurgence of the Scala Ballet, after last year's long series of strikes. Following a well-danced *Giselle* in a production by Yvette Chauvire – in which, after Carla Fracci, Anita Magyari and Oriella Dorella appeared creditably in the title-role and Laurent Hilaire of the Paris Opera made a notable debut as Albrecht – the company was shunted off to the Teatro Smeraldo, which has a varied ballet season, including the Riga group. Ashton's *Les Patineurs* had been announced, but because of difficulties over the costumes it had to be postponed and was replaced by Balanchine's *Square Dance*, staged by Victoria Simon and danced with spirit. After two popular pas de deux (Balanchine's Chaikovsky pas de deux and Ben Stevenson's Three Preludes, both well done), the programme closed with Robert North's *Troy Game*, led by Michele Villanova and Biagio Tambone.

In Naples, at the small Teatro Mercadante during the closure for renovations of the San Carlo, Carla Fracci was at the centre of the production devised by Rita Riboni and her husband, Beppe Menegatti, called *Adieu et au revoir*. The correspondence between Isadora Duncan and Eleonora Duse has recently been published in Italy and has sparked off this production, which contains a great deal more speech than dance. In Fracci performs a certain number of pas de deux, Paul Chalmer and Maurizio Bellezza being among her partners, and also one noteworthy solo, a reconstruction by Millicent Hodson and Kenneth Archer of a dance made by Isadora to the adagio from Beethoven's "Pathetique" sonata. This she executes very painstakingly and with feeling, wearing sandals (she she never dances barefoot). It is difficult to associate Fracci with as unconventional, spontaneous and passionate a nature as Isadora's, but in that one solo we catch a glimpse of the true Duncan.

In Florence, the latest offering by the opera house company, Maggiodanza, is a version of *La Dame aux Camelias* by the director of the company, Evgeny Polyakov, which shows that he seriously over-rates his powers as a choreographer, and also the interpretative powers of a promising young dancer, Umberto de Luca. A more passionless Armand is hard to imagine, and although Florence Clerc, from Paris, is an excellent dancer, and expressive in her way, that way is not the way of Marguerite. The choreography is too much made up of clumsy, and too often downright ugly, lifts, with the small corps de ballet drifting without rhyme or reason in and out of what purports to be Marguerite's home.

With scenery and costumes by Polyakov's fellow-Muscovite Vladimir Kara, and accompanied on the piano by Francesco Novelli playing Schumann and John Field, the work lasts under an hour and a half, an awkward length, hardly sufficient for an evening's entertainment.

Like the Scala and other opera house companies, the Florence one is usually relegated to some other building, in this case the recently built Teatro della Compagnia. Maggiodanza will also provide the one dance event of the Maggio Musicale, the May music festival. On that occasion (late June), the company will appear in the Roman Theatre at Fiesole.

Freda Pitt

Mandela Concert

WEMBLEY ARENA/BBC 2

Apart from that Mrs Mandela, did you enjoy the concert? The Wembley tribute to Nelson Mandela must be one of the few mammoth pop events in which all the participants were happy that the outsider, making his first appearance on that stage, should steal the show.

For once, the actual music exceeded expectations. There had been the usual back stage rows – South Africa's leading exiled musician, trumpeter Hugh Masakela, refused to appear arguing, wrongly as it turned out, that the concert was a showcase for western musicians rather than an outlet for local talent, while another South African, Johnny Clegg, played, despite a ridiculous ban by the British musicians union because he opposes apartheid while working in South Africa. There were also accusations that, horrendous thought, some record companies were using the occasion to promote their artists before a global audience.

In the event it could not have gone better. There were generous slots for African musicians (although the BBC rudely used the time for back stage interviews) and the welcome absence of super-stars enabled some of best journeymen in the business to widen their appeal. It was a good night for two middle aged men who still wander the world with guitars strapped to their hips. Neil Young took on the audience, walking the parapet while spitting out "Keep on rocking in the Free World" and Lou Reed displayed an unexpected caring side when drawling through "The last great American whale."

They shone by retaining their prickly individuality while other artists were packaged into sets. This worked best when kept simple – Natalie Cole, Anita Baker and Bonnie Rait sharing "Blowin' in the Wind" forced you to listen again to the old hippie anthem, although it was a cruel waste that Jackson Browne, appearing here for the first time in years, should be glimpsed later as a side musician.

Many artists managed to come up with a symbolic song from their back catalogue – "Freedom Now;" "Mandela's Day;" "I ain't gonna go to Sun City;" "Free Nelson Mandela" – and they were all as joyously, communally as appropriate as "Auld Lang Syne" or "Happy Birthday." And while no new star appeared to seal the event, like Tracy Chapman's glittering debut at the Mandela 70th birthday concert two years ago, there was Tracy Chapman, whose resonant, emotional, voice and genuine lyrics, lifted the evening above the "right on" smugness of the likes of Peter Gabriel and Jim Kerr of Simple Minds.

I know they've walked their mile and more for the cause, but in the past year the real world has left behind clichéd gestures and the parroting of slogans. As the stars walked off the stage, fists clenched, after telling the audience that it was up to us to maintain the struggle, what had been a happy party became theatrical, self-conscious, posturing.

Antony Thorncroft

ARTS GUIDE

April 13-19

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).

Jeffrey Bernard is Unwell (Apollo). Tom Conti has taken over as the alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing, Ned Sherrin directs. (437 2663).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).

Bus Stop (Lyric). Glam revival of William Inge's 1955 Kansas comedy, with Jerry Hall making her West End debut as the small-town "chantoose" to Shaun Cassidy's Montana cowboy, a partnership forged on Broadway by Marilyn Monroe and Don Murray. Plenty of glow but not much grit (437 3686).

Shadowlands (Queen's). Four-tissue weepie about the love affair between crusty Oxford writer C.S. Lewis and the cancer-riddled American poet Joy Davidman, which pushes both Nigel Hawthorne and Jane Lapotaire into the awards stakes. William Nicholson's play is irresistibly emotional. Elijah Moshinsky's direction is superb (734 1166/439 3849).

New York

Cat on a Hot Tin Roof (Eugene O'Neill). Kathleen Turner, whose statuesque good looks embody Tennessee Williams' vibrant character Maggie, is surrounded by an excellent supporting cast in Howard Davies' production.

Grapes of Wrath (Cort). The Steppenwolf company's interpretation of the Steinbeck epic novel has taken a long time to reach New York from Chicago; the wait was worth it, with the 1930s brought alive in its squalor as well as its test of human strength. Gary Sinise as Tom Joad stands out in Frank Galati's adaption.

The Sound of Music (New York State). The New York City Opera performs the Trapp Family saga starring Debby Boone as Maria and Laurence Guittard as Captain von Trapp. Ends April 22.

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque (246 0102).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including *On the Town, West Side Story* and *Gypsy*. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

The Cemetary Club (Eisenhower). Elizabeth Franz, Eileen Heckart and Doris Belak star in new playwright Ivan Menchell's comedy of three widows who meet monthly to visit their husbands' graves. Ends April 29 (467 4600).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

I'm Not Rappaport (Briar St). Shelley Berman, one-time standup comic, now plays Nat, Herb Gardner's memorable Central Park character who gags his way through the 1986 Tony Award winner (348 4000).

The Good Times are Killing Me (Body Politic). This City Lit production of Lynda Barry's first play captures an American childhood with poignant zaniness. (871 3000).

Elliott Loves (Goodman Studio). Director Mike Nichols teams up again with writer Jules Feiffer to explore middle-aged love with the eponymous hero, who makes the mistake of introducing his new love to his old friends. Anthony Heald plays Elliott opposite Christine Baranski. Ends May 13. (443 3800).

Tokyo

Kabuki. Kabuki-za (541 3131): two lavish mixed programmes (11am, 4.30pm) to mark the 50th anniversary of the death of the great Kabuki actor Utaemon V. Among those appearing is his son, 76-year-old Living National Treasure Utaemon VI. The highlight of the evening programme is Kago Tsurube, a famous 19th century play about a country bumpkin who falls in love with a courtesan, with tragic results. Excellent earphone guide in English and English-language programme. Ends April 25.

King Lear (Tokyo Globe Theatre). The Renaissance Theatre Company, led by Kenneth Branagh, (with Richard Briers cast in the title role). (360 1161).

Hamlet (Ginza Hakuhinkan Theatre). Yuri Lyubimov's controversial production was originally seen in Britain and has since been on a world tour. The acting tends to be upstaged by the continuously moving curtain that dominates the set (535 0555).

Hanshin (Theatre Apple, Shinjuku). Revival of the 1988 play by Hideki Noda, the darling of Japan's fringe. Wordplay, frenetic action and acrobatics form the basis of Noda's style, and can be enjoyed by those with only a minimum of Japanese (5478 0771).

Ain't Misbehavin'. Lively Broadway revue and 1978 Tony award winner, based on the music and times of the late great Fats Waller. The all-American cast is led by Andre De Shields, who starred in the original New York and London productions. MZA, Ariake (529 5187).

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Wednesday April 18 1990

The Mandela strategy

MR NELSON Mandela did not come to Britain this week simply to attend a pop concert. His purpose was more serious than that. It was to mount a unique platform provided by TV in order to appeal to the world to maintain its pressure against apartheid.

It is clear from everything the African National Congress leader has done since he was released from prison nearly two months ago that he regards international pressure on the South African Government as the principal weapon available to the ANC. Without it, Mr Mandela would probably still be a prisoner and militant black nationalist organisations would still be illegal. The ANC's "armed struggle" once caused a number of horrendous casualties, but overall it has been ineffective. From the black point of view, the overthrow of apartheid has come to depend more than ever on a single factor: the desire of white South Africans to rejoin the world community and see both economic sanctions and constant expressions of opprobrium brought to an end. Mr Mandela has perceived this from the start.

This strategy is rejected by the British Prime Minister. Mrs Thatcher has always displayed an aversion to official sanctions; she prefers Britain to work alone, with the aim of winning the confidence of President FW de Klerk. In consequence she and her envoys enjoy a remarkable degree of access to Pretoria. Their advice is not only listened to with respect, it is, on occasion, courted. Broadly speaking, this has been helpful to black aspirations. President de Klerk will have had his own reasons for releasing Mr Mandela, suspending capital punishment, unbanning political organisations and relaxing censorship, but all of these steps have been urged by Britain.

Unilateral defiance

It was perhaps this happy coincidence that led Mrs Thatcher to remove the sanction on new British investment in the Republic. She should not have done so in unilateral defiance of Britain's allies. The benefit in terms of Pretoria's appreciation is doubtful; the damage to relations with most South African blacks is plain. Any future moves should be taken in concert with the EC, and in consultation with President Bush. The latter is reported to have indicated to Mrs Thatcher in Bermuda that he could not go along with her anti-sanctions campaign. Mr Bush is motivated by his own domestic politics; he is also aware of how easily an anti-sanctions campaigner can come to be portrayed as an apologist for apartheid. Mr Mandela did not quite do this to Mrs Thatcher on Monday; he did, however, come as close to it as his old-world courtesy and restraint would allow.

Bottom line

All of this may seem to President de Klerk to be unfair. He has taken bolder, and more radical, steps in the direction of democratisation than any of his predecessors. His desire to continue with this process is patently genuine. There is an Afrikaner conscience, born of deep religious feeling; there is also the plain economic truth that business will not return to an unstable republic. Events in eastern Europe have influenced everyone's thinking. Yet nothing done so far is decisive. The South African police are not under control. Negotiations have not yet begun; the South African Government's bottom line has yet to be revealed. Yesterday's speech by Mr de Klerk, in which he once again rejected majority rule, is not a good omen.

Thus the cautious hopes that attended the release of Mr Mandela are being severely tested. Political violence is increasing, rather than subsiding. Deaths at the hands of police in black townships are all too frequent. These developments make it imperative that negotiations recover the momentum they are in danger of losing. The ANC could improve the climate by suspending the nearly-dormant guerrilla campaign, and dropping the rhetoric of the armed struggle. It should also recognise that out-of-date Communist slogans are of little value in the 1990s. International goodwill will eventually be eroded if it is the ANC that comes to be seen as disorganised, obdurate, or unreasonable.

The right school curriculum

MRS MARGARET Thatcher has a remarkable ability to distance herself from her Cabinet colleagues. In 1988, Mr Kenneth Baker, the present Tory chairman, steamrolled the controversial Education Reform Act through Parliament. The linchpin of that legislation was a compulsory 10-subject National Curriculum – the first in UK history. Statutory orders dictating what children must learn in all the traditional school subjects were to be buttressed by a formidable new apparatus for testing and assessing performance.

In an interview at the weekend, the Prime Minister took it upon herself to criticise this central plank of her own Government's education policy. She accepted the case for a "core" curriculum, setting minimum standards in mathematics, English and science, but voiced scepticism about detailed state intervention in other subjects. She said teachers should be allowed to use their own methods and learn from experience. If the wrong kind of curriculum was introduced, she warned, the situation in schools might be worsened rather than improved.

Downing Street anxiety about the National Curriculum is hardly surprising. Most of the educational initiatives of the late 1980s fit comfortably within the Government's philosophical framework. The delegation of budgets to head teachers, the rules allowing schools to opt out of local authority control and the creation of free-standing City Technology Colleges can all be interpreted as moves to foster greater competition, choice and diversity. They are precisely the reforms being advocated by right-of-centre educational theorists in the US.

Crude uniformity

But such theorists are adamantly opposed to government control of the curriculum, which they regard as an infringement of parents' rights and a crude means of imposing uniformity from the centre. In their eyes, choice between different schools is meaningless if it does not also include choice over what is actually taught. They argue that the high standards of many independent schools reflect competition rather than bureaucratic regulation of the curriculum.

In view of these arguments, it is surprising that Mr Baker should ever have contemplated more than a minimal core curriculum. In the late 1980s, however, the case for more ambitious controls looked attractive. Ministers disliked the type of education being provided in many schools: statutory orders supported by a battery of new tests were seen as a means of countering damaging "progressive" trends and re-establishing "rigour." Moreover, there was genuine concern about schools' failure to offer a broad and balanced education. In 1987, around 45 per cent of girls gained the equivalent of an O level pass in English, but less than 10 per cent achieved a comparable qualification in physics. Nor is the problem of balance restricted to lack of science: the history working party recently noted that only about 45 per cent of pupils study history after the age of 14.

Progressive trends

The attempt to suppress progressive trends has largely misfired. The educational establishment has used the National Curriculum as a vehicle for promoting modern approaches to learning. Contrary to the fears of critics, this is no great disaster: many recent trends, such as the emphasis on skills and understanding and the downgrading of passive rote learning, are positive changes.

The importance of a broad and balanced education cannot be overstated. But it does not require detailed state intervention of the kind found in Mr Baker's statutory orders. It is perfectly possible to insist that all pupils study a given range of subjects without laying down what the detailed programmes of study should contain. Even if some form of state certification is thought necessary, schools could be invited to choose between a number of competing "approved" curricula. The Prime Minister's criticisms of her own policy are thus largely sound. The Government should not abandon its curriculum, but it needs to find a more flexible means of pursuing national educational goals.

Terry Dodsworth, David Owen and David Lascelles consider B&C's options after trouble in its computer leasing unit

An exercise in damage limitation

If Mr John Gunn is lucky, he may emerge in some 18 months' time from the crisis which has engulfed British & Commonwealth Holdings at the head of a sizeable money broking operation – more or less where he found himself five years ago.

The diminutive B&C chief executive was in a subdued mood yesterday as he faced the press to explain the Atlantic Computers debacle. The collapse of Atlantic has plunged Mr Gunn, still only 48 after a glittering roller-coaster career, into the biggest crisis he has yet faced.

Indeed, the very survival of the group remains in question after yesterday's announcement that it is to write off about £550m against its investment in Atlantic and place the computer leasing group in the hands of administrators.

Mr Gunn's reduced circumstances were amply illustrated by the way in which Sir Peter Thompson, the former head of NFC who was recently brought in as B&C's non-executive chairman, handled the bulk of questions from both analysts and reporters. "It has become clear within the last few days that Atlantic is not, and regrettably cannot be a company that is worth the more than £400m that B&C originally paid for it," he said.

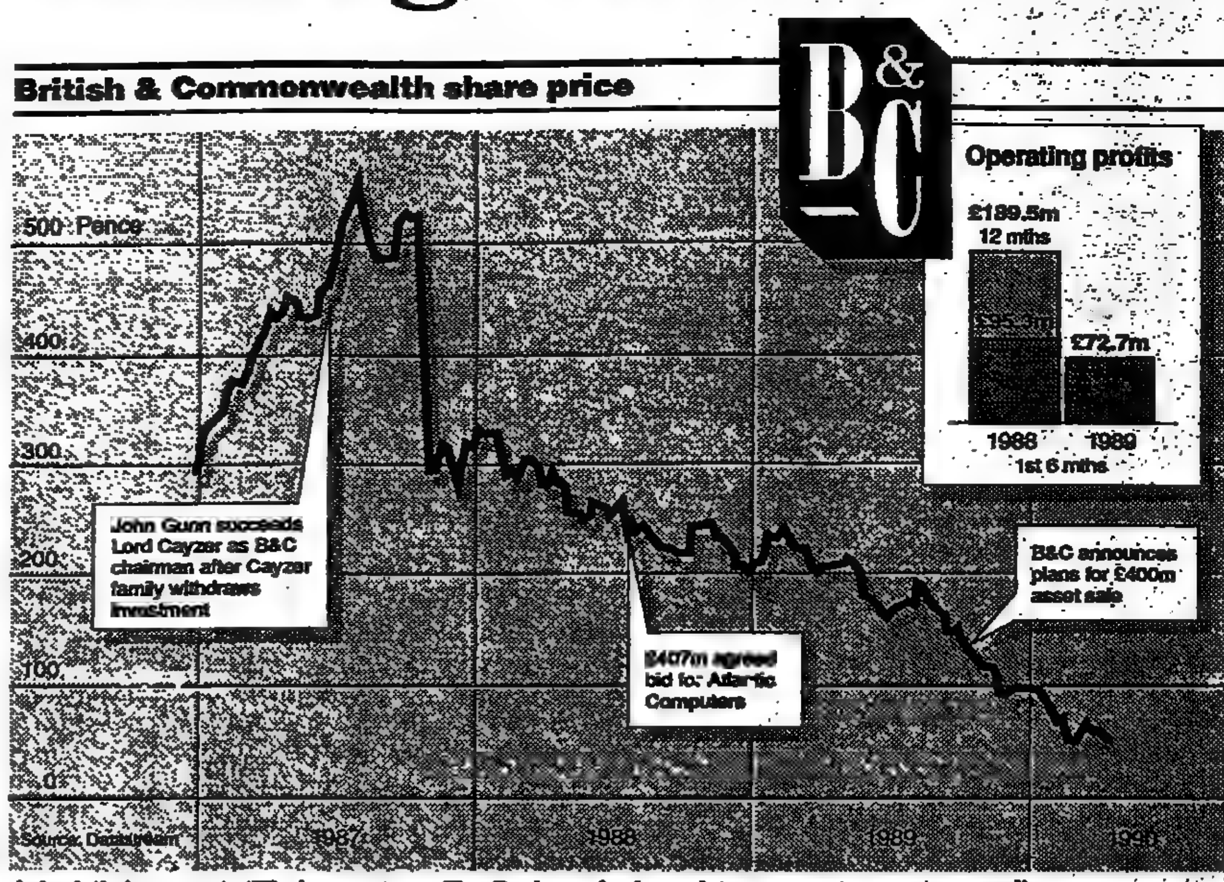
B&C's problems with Atlantic were building up well before Sir Peter's appointment, although he seems to have had a central role in developing a strategy to tackle them.

The group recognised soon after the June 1988 acquisition that certain accounting practices used by the computer leasing company were imprudent. It claims that it intervened promptly to make the necessary changes but that these later turned out not to have been properly carried out.

The "full enormity" of Atlantic's position, Sir Peter said, only came to light in the past two weeks. This followed the completion of three separate reports into the company's affairs – studies which showed that Atlantic's problems were threatening to undermine the entire B&C structure.

According to one of the reports, from Boston Consulting Group, Atlantic's gross margins were considerably smaller than envisaged in the company's business plan. Worse still, B&C's senior management realised that they would have to bite the bullet and take substantial write-offs for Atlantic while telling the world that the group could no longer rely on cash flowing in from the computer-leasing business. This meant that it had to seek backing from its banks.

Accordingly, the company says, it took a proposed solution to a group of ten banks responsible for the lion's share of its loan facilities who finally pledged their support. "We have not asked the banks for additional support but to retain our lines of credit in place," said Mr Iain Burns, B&C chief financial officer.



The Bank of England was brought into discussions at an early stage, as the most prominent of B&C's many financial regulators. The group has no fewer than 40 subsidiaries in half a dozen countries which are regulated. These include three UK-licensed banks, several money brokers and leasing companies, and other companies engaged in funds management and stockbroking.

The Bank, as lead regulator, contacted other regulators, such as the Securities Association, the Securities and Investments Board, the self-regulatory bodies, and – abroad – the US Federal Reserve Board and the Japanese Ministry of Finance.

A crisis meeting of B&C's "college" of regulators was summoned by the Bank last Thursday, and a further follow-up meeting took place yesterday. This was to ascertain that the problems of Atlantic were not "infecting" other parts of the group, and to make sure that the banking and broking operations had sufficient capital to operate normally.

The regulators were especially anxious to avoid a situation similar to the one experienced by Drexel Burnham Lambert, the Wall Street investment bank which filed for bankruptcy in February. In that case, the parent sucked capital out of its subsidiaries in a desperate effort to keep going, and brought the whole group down.

Contrary to some reports, the authorities stopped short of trying to mobilise a support group for B&C. "We felt that the solution should be market determined," said one official. But the Bank still felt it necessary – in order to quell rumour – to take the unusual step of commenting publicly that, as far as it was aware, the B&C subsidiaries were all healthy.

The B&C case is unprecedented in its regulatory complexity: even at the height of the secondary banking crisis in the 1970s there was no group with fingers in as many pies as B&C. This could raise questions about the wisdom of allowing a single group to become highly diverse and thereby risk infecting many financial markets at once.

The fate of B&C may well lie in the hands of predators. Corporate finance departments were said yesterday to be running their slide rules over the group to measure its takeover and break-up potential.

The group itself, meanwhile, is hoping to avoid such a fate by stepping up its asset disposal programme to realise £750m by mid-1991. At the head of its sale list are its BCMB merchant banking activities. Analysts believe that other candidates for sale will include Oppenheimer Management, the US mutual fund management company, and a clutch of smaller financial services businesses and investments.

B&C's aim is to realise cash from these disposals to cut its debt and reduce interest payments to manageable levels. The company admitted yesterday that it still had about £1bn of borrowings, including £737m of long-term bonds. "£1bn is not our Barclays High Street Kensington overdraft," said Mr Gunn yesterday in a rare quip. The average life of the debt is "a bit over 12 years" and the average coupon "a bit over 10 per cent," he added.

The trouble with the disposal programme is that – unless interest rates turn down – B&C will be selling into a buyer's market. Indeed, the group is currently demonstrating how much the tables have turned since its heyday in the go-go financial world prior to the 1987 stock market crash.

Since then, B&C's vulnerability to a dear money environment has become painfully apparent. Virtually all of its businesses are sensitive to high interest rates because the cost of money reduces either margins or volume or both. The group has compounded matters by burdening itself with a mountain of debt.

Although it is not immune to such an environment, the Exco moneybroking business remains by general acceptance the jewel in B&C's crown. "I hope Exco is not for sale," Mr Gunn mumbled on leaving yesterday. If it has to go, it would be an ironic outcome for a group which was once among the most acquisitive players in the City of London.

Atlantic adrift

THE ramifications of the troubles which have overtaken Atlantic Computers go well beyond the immediate impact on B&C Holdings, serious as that is.

Atlantic, the world's third largest computer leasing company after the International Business Machines' subsidiary ICC and the US-based company Comdisco, with some 160 subsidiaries in Europe and the US, has supplied hundreds of companies with computers through its controversial "Flexlease" contracts.

Many of its individual deals with blue chip companies run into tens of millions of pounds. B&C's decision, announced yesterday, to appoint administrators to carry on the business of the company affects only Atlantic Computers plc. But it still means that companies based in the UK with computers leased through Atlantic are now having to go through their leases with a fine tooth comb to find out what they owe, to whom and for how long.

Atlantic's deals invariably involved a finance house as owner of the leased computer. An example is AT&T Istel, a Midland-based computing services company which has nine Atlantic systems. Mr David Teague, the finance director, said yesterday that he had already set in train moves to review the terms of his contracts with Atlantic. It would not be proper at present, he said, to give a view of the gravity of the matter, but three of his staff were working on it full time.

Companies lease rather than buy computers to give themselves maximum flexibility when technology changes; the concern over Atlantic's predicament is that customers might find themselves less able to shift quickly out of their present leasing commitments.

Computer leasing is a dangerous, nervy business carried on chiefly by entrepreneurs prepared to take substantial risks in the hope of turning a profit. There are boom times, like the early 1980s, and there are troughs when margins narrow and IBM turns the screw. IBM leases computers in its own right but its chief concern is controlling its accounts, competitors say, rather than absolute profitability. It controls the market through its stranglehold on prices.

The skill lies in estimating accurately the second hand (or "residual") value of an IBM or Digital Equipment (DEC) machine. Only IBM and DEC machinery are widely enough used to establish reliable residual values.

Typically, Atlantic would buy computers from IBM for lease to customers. Two separate contracts would be written; one between the customer and a bank or finance house (the "head lessor") which would take title to the computer and have the rights to the revenues from the lease, and a second between the customer and Atlantic.

The first contract might be for six years; the second for four. At the end of four years, Atlantic would pay the final two years instalments and have the right to dispose of the computer either through sale or a second lease.

The variations on a computer lease are endless. Mr Mark Wood, the B&C executive put in two weeks ago to take charge of Atlantic after managing director Mr David McCormick was, according to B&C, suspended in March, said yesterday that investigations of the accounts had been hampered by the heterogeneity of the leases Atlantic had written. They are different in size, structure, financing and equipment.

The "Flexlease" was invented by Mr John Foulston, Atlantic's principal founder and driving force who was killed in a racing car accident three years ago. It allowed customers to change to equipment of similar or greater value without financial penalty.

It attracted controversy from the start and was harshly criticised by Atlantic's competitors who argued that the flexibility was more apparent than real. Certainly, customers complained that relations with the company were smooth while they were upgrading their equipment; however, relations deteriorated if they wanted to cut back on their data processing investments. "They were bullied," one observer said.

Computer leasing has never been popular with the financial community, chiefly because of the "optimism" with which it often does its accounting. Leasing companies earn most of their profits from the disposal of machines at the end of the first lease; it has been common practice to estimate profits at the beginning of a lease and include the numbers in the accounts before they have been earned.

Sir Peter Thompson, B&C chairman, said yesterday that although B&C management had outlawed the practice after taking over Atlantic, the 1989 accounts contained a mixture of the old and the new practices.

OBSERVER

The Times are changing

■ It is good to see Simon Jenkins making his mark on The Times. It has been most obvious on the front page, but the introduction yesterday of a new (actually old style) Diary column is a seminal event not only, though perhaps only, among the minuscule college of diarists. We are gratified to observe that the new Times Diary is anonymous (which Observer usually is), contemplative (ditto) and, apart from an item on wartime food, intent on avoiding all down-market references to the realms of the senses (no comment).

Even more brave was a singular omission from The Times leader on cricket, itself a throwback to a nobler age in its advocacy of the virtues of the four-day game. In spite of countless news reports of how Sky Television's fortunes have been turned around by its screening of the Test matches in the West Indies, the leader made no explicit reference to Mr Murdoch's TV arm. Such independence is unusual in the News International empire. The hope is that it will continue to be applied when less important matters than cricket are under editorial discussion.

So is cricket

■ Anent which, it has been very hard to find the definitive judgment on what has passed in the West Indies. As ever in moments of crisis, The Baseball Reader has come up with the answer. Neville Cardus *et al* notwithstanding, baseball has consistently attracted the finest writing in any known field of sporting endeavour. Angel, Kahn, Boswell (the American Thomas), Mencken, Updike, Nash, Roth, Thurber, Twain, Wodehouse, Wolfe. Breslin could not keep away from the game. Actually none of the above wrote what follows but perhaps none could have contrived words as timeless, sportingly universal and indeed banal.

George Ellard helped found in 1869 the Cincinnati Red Stockings, baseball's first professional club. He left behind a poem apposite for the broken-fingered and ego-bruised contemporary cricketer.

We used no mattress on our hands,
No cage upon our face:
We stood right up and caught the ball,
With courage and with grace.

Even better are the by-laws of the amateur Excelsior Baseball Club, of Brooklyn, established in 1860. Rule Nine, for example, lays down that "members, when assembled for field exercise, or for any meeting of the club, who shall use profane and improper language, shall be fined ten cents for each offense." So much for the habit quaintly known as sledging.

Rule 11 gets closer to the bone, which Viv Richards gnawed in his dance of protest last weekend. "A member who shall audibly express his opinion on a doubtful play before the decision of the umpire (unless called upon to do so) shall be fined 25 cents for each offense."

The most severe sanction is for a transgression not known to have been committed in Antigua. "A member wearing or using the apparel of a fellow-member, without his *written* permission, shall be fined one dollar." This is one for the box score.

Force of nature

■ Younger than baseball, cricket and The Times, but still an institution in its own right, is the National Geographic magazine, but here, too, change is in the wind, though on this occasion it is not clear if the movement is forwards or backwards. Wilbur Garrett's Great Experiment with the magazine is over. After ten years as editor, he has been ousted by Gilbert Grosvenor, president and chairman of the National Geographic Society and scion of the family which founded the journal 102 years ago.

"We've just had a cancellation as a matter of fact – two seats to South Africa."

In recent years, Garrett's Geographic treated such subjects as the reconstruction of Vietnam, the Exxon Valdez oil spill, the fall of the Berlin Wall, and AIDS in Uganda. The latest cover story is entitled Growing Up in East Harlem.

It was a bold effort to make the Geographic more responsive to news and more appealing to younger readers. But Grosvenor, himself a former editor, preferred the timeless coverage of Nature, best captured by the rich colour photography of mountain lakes and exotic tribesmen. For him and perhaps for the 10m members of the National Geographic Society, East Timor was always going to be more inviting than East Harlem.

It would be misleading to cast the struggle in purely personal terms. Grosvenor was a friend and colleague of Garrett's for 35 years. In a parting tribute, Grosvenor was quoted as saying: "Every member of the society and every reader of our magazine has benefited from his great enthusiasm for dispensing knowledge." In the matter of dispensing money, they differed. Grosvenor wanted more staff cuts than Garrett could stomach. Moreover, the non-profit society's attempts to diversify into new book and television programmes appear to have hurt the magazine's own profile and finances.

Garrett's successor is William Graves, who, before his elevation, went by the wonderful title of senior assistant editor for expeditions. A former diplomat, Graves is 63 and perhaps only a transitional appointment.

Watch out

■ Since the subject today is loosely about the media, it must be reported that we do get a lot of invitations. There is no point in elaborating on the following, just received from somewhere in Switzerland all about the European Watch and Jewellery Fair, opening in Basle tomorrow.

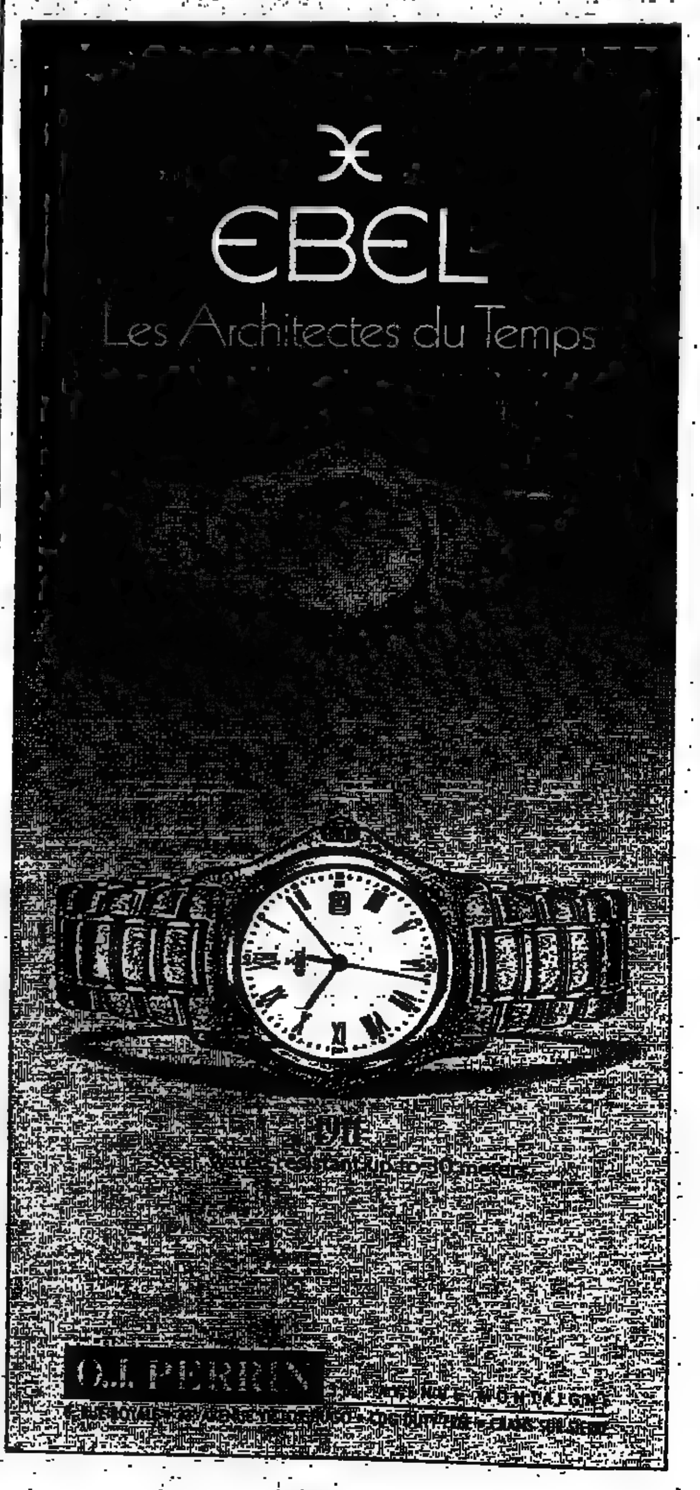
The headline reads Swiss Lady Watch. The text says; "The Swiss Watch which not only tells the woman her days when she won't conceive, but also the days when she'll most probably conceive a son or a daughter and therefore enables her to actively plan the sex of her child, in advance."

And we thought that Switzerland was falling apart ...

Revenge

■ The following was spotted on the bumper of a car in Maryland the other day. "GET EVEN: live long enough to be a burden on your children."

Jurek Martin



Martin Wolf on the origins of the Soviet monetary crisis and, right, the debate over price reform

The fall of the rouble

"THE CHAPTER on the Fall of the Rupee you may omit. It is somewhat too sensational." What might Oscar Wilde's Lady Bracknell have said of the hapless Soviet rouble?

Absurdly, inflation was officially estimated at 2 per cent for last year, though with 5½ percentage points thrown in for "shortages". Queues are pervasive and prices of food in Moscow's free markets, on average, six times as high as in state shops; enterprises barter to provide goods for their employees; and western cigarettes serve as a parallel currency, while taxi drivers clamour for the US dollar.

At the beginning of 1990 the State Commission on Statistics estimated the Soviet monetary "overhang" at Rbs165bn, more than a third of the cash and liquid savings deposits held by Soviet citizens and close to 40 per cent of consumer spending by the people; the State Bank, the Soviet Union's central bank, estimated the overhang at Rbs130bn. Either way, these organs of the Soviet state agree that money is the one commodity in chronic oversupply.

In 1989 a reforming communist government in Poland bravely decided to liberalise prices. It then watched as consumer prices soared and promptly became the ex-government of Poland, bequeathing hyperinflation to its successor.

The parallel will not have been lost on President Mikhail Gorbachev. Influential pundits appreciate that a market economy cannot emerge without price reform. The caution shown, until now, by the often bold Mr Gorbachev indicates his awareness of the political risks, when expenditures on food and beverages already absorb half of the spending of the citizenry.

The problems of the Soviet currency are an apt symbol of those of Soviet communism. As money, the rouble is inconvertible into foreign exchange, into domestic assets or into domestic goods. It serves, instead, as a lubricant for the command economy, a covert tax and a concealed source of subsidy.

Historically, the aim of Gosplan, the State Commission for Planning, was to balance real resources. The banking system's humble role was to provide enterprises with the credit needed to carry out their allotted tasks. In this guise, money was just a lubricant.

The financial system also provided the Government with the finance needed to cover its budget deficit. With more money being created than goods to back it (at official prices), monetary emission is, in effect, a concealed tax. Equally, the low rates of interest paid on savings accounts – averaging around 2.7 per cent at present – are a tax on personal savings.

The liabilities of the financial system are a method of extracting revenue. Its assets are a source of concealed subsidisation. Enterprises pay interest at between 1 and 2 per cent. Such subsidised rates of interest themselves induce excess investment in stocks. In addition, the credits themselves are often no more than government-mandated grants. To take one example, Agriprom Bank (the Agro-industry Bank) has Rbs70bn, more than a quarter of its total assets, in doubtful credits.

Liberalising an economy with such a financial system is highly problematic. But the danger has become far worse as a result of two trends of the second half of the 1980s: the exploding budget deficit and the decentralisation of control over enterprises. The lamentable state of the rouble today is largely Mr Gorbachev's personal achievement.

Behind the increase in the budget deficit is the disastrous anti-alcohol campaign, a surge in investment and the fall in the world price of oil in 1986. Both the anti-alcohol campaign and the increase in investment reflected the demand for "acceleration", the slogan under which Mr Gorbachev initially hoped to banish the years of "stagnation". The fall in the price of oil, so ill-timed for Mr Gorbachev, revealed the dependence of the Soviet economy on this one commodity.

With the failure of the more traditional forms of discipline, a small turn was made in the direction of liberalisation with the Law on State Enterprises of June 1987. The law was typically half-hearted and confused, but it did give enterprises greater freedom.

In Soviet circumstances the unhappy result was less output (why produce more in return for worthless roubles?), more useless investment and, of immediate importance, more wage inflation. In 1989, for example, the "group egoism" of Soviet parlance and associated labour unrest led to wage increases of 10.9 per cent as against increases in output of a mere 1.7 per cent.

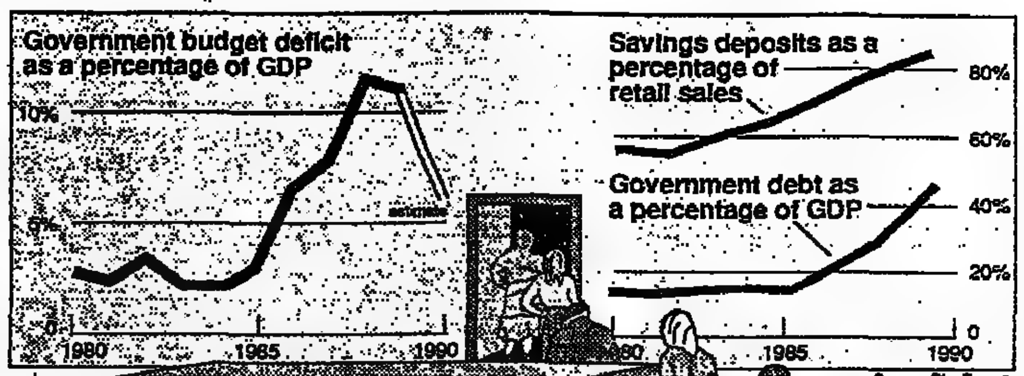
As the inflationary crisis became more evident in the summer of last year, the conflicts among Mr Gorbachev's advisers grew more bitter. Gosplan chairman Mr Yuri Maslyukov proposed a crash programme to produce more for the consumer market. In November, the Deputy Prime Minister, Leonid Abalkin, put forward radical ideas for moves towards a market economy and immediately met a storm of protest.

Then, in December, Mr Nikolai Ryzhkov, the Prime Minister, returned to the theme of the crash programme and postponed price reform once more. The Abalkin programme was now no more than a vague blueprint for subsequent change. The stress was, instead, on increasing the production of consumer goods, by Rbs60bn, or 15 per cent, in 1990.

In the first two months of 1990 average wages rose by 15.5 per cent over the corresponding period in the previous year. Output of consumer goods rose by only 6.4 per cent in the first quarter. Though better than for industry as a whole, which experienced a 1.2 per cent decline, the increase in output of consumer goods was half that proposed in Gosplan's crash programme.

Less than three months experience has, apparently, been sufficient to persuade Mr Gorbachev of the obvious: Gosplan's crash programme will not work and would be inadequate, if it did work. At the end of March he called for the "formation of a normal full-blooded market . . . to describe it in a nutshell we are talking about a controlled transfer to market relations." Some nutshell; some nut.

The path to monetary reform in the Soviet Union?



Source: PlanEcon & official figures

Monetary holdings in the Soviet Union

January 1990	Roubles bn
Private Sector	
Cash	100
Savings Bank	345
Enterprises	
Cash	20
Bank accounts	120
Total	585
GNP	950*

Source: State Bank of the Soviet Union and the Savings Bank *approximation

Deposits in the Savings Bank, by size January 1990

Deposits (roubles)	Percentage of total number of deposits	Percentage of total sum deposited
Up to 300	33.3	2.4
300 - 1,000	22.9	9.7
1,000 - 2,500	24.6	25.4
2,500 - 5,000	12.4	27.8
5,000 - 10,000	5.7	24.5
10,000 - 25,000	1.1	9.6
above 25,000	0.03	0.6

Note: Total number of deposits: 209m
Total number of families with accounts: 80m
Source: Savings Bank

Hard choices

ARE THERE any price and monetary reforms that would be both economically effective and politically acceptable? Now that President Mikhail Gorbachev has promised to submit a package of 30 radical laws and decrees to the Supreme Soviet by May 1, the Soviet Union, not to mention Mr Gorbachev himself, will soon find out.

In late March Mr Leonid Abalkin, the Deputy Prime Minister, said that price liberalisation and new tax and lending policies must be introduced no later than the start of next year. Then, only last week, he started talking of "this year". The planned reform would, he then said, raise interest rates, restrict the money supply, index wages and raise prices – but without negatively affecting the population.

According to Mr Vyacheslav Sengachov, the chairman of the State Prices Committee, the authorities are now considering three alternatives for price reform.

■ The first option would be to copy Poland's shock therapy, by raising energy prices to world levels and moving towards rouble convertibility.

■ The second option would involve an average 20 to 30 per cent increase in wholesale and retail prices, an end to price subsidies (which would save the budget Rbs100bn) and a 50 per cent devaluation.

■ The third, preferred, option would be more timid than either, involving fixed prices for oil, grain, cotton, sugar and other staple commodities, a middle tier of "regulated" prices with upper limits and between 15 to 30 per cent of goods at free prices.

No serious analyst doubts the need for reform of a pricing structure that has been unmodified since the 1960s. Less widely recognised, the reform must involve a move towards world prices. Large price increases would then occur in some areas – in particular, food and energy – but there would be declines elsewhere – notably, for more sophisticated manufactured goods. Along with price reform must go an end to the provision of open-ended credit to government and state enterprises.

This far, there is widespread agreement, though the preferred option does not look sufficiently radical. But three difficult choices do divide the protagonists of radical economic reform: over wage indexation, monetary reform and external convertibility.

However politically desirable, full indexation of wages is infeasible (unless the Government is prepared to risk borrowing from abroad on a huge scale). If price reform does not bring real wages in line with that justified by productivity, an explosive wage-price spiral will ensue.

It would be better to make nominal wages the anchor and adjust the structure of relative prices, to eliminate both excess demand and the need for subsidies. In order to reduce hardship, limited rationing could be introduced, as recommended by one of the Soviet Union's leading radical economists, Gavriil Popov.

On the divisive question of monetary reform (or confiscation) Mr Popov finds himself allied with Mr Alexei Sergeyev, adviser to the reactionary populists of the United Workers Front. Against them line up Mr Abalkin, Mr Nikolai Petrakov, President Gorbachev's personal economic adviser, and Mr Victor Geraschenko, Chairman of the State Bank.

Real money balances will be reduced by any price reform that eliminates the current "wage overhang". Beyond this, a confiscatory monetary reform appears to be neither necessary nor sufficient.

It will not be sufficient, because the budget deficit must be closed as well. It is not necessary, because the "overhang" does not look that threatening. As of January 1990, broad money was some 60 per cent of GNP. In comparison, holdings of broad money are around 100 per cent of GNP in Japan, 70 per cent of GNP in West Germany and the UK and 60 per cent of GNP in the US.

In the Soviet Union money is the only form of wealth available to the bulk of the population. The average savings held by the 80m households with deposits in the Sberbank (the Savings Bank) are only Rbs4,300 (£4,300 at the official exchange rate), less than one and a half times the average annual wage. Moreover, since saving accounts are quite evenly distributed, confiscation would hurt many people.

Can Soviet households find this wealth excessive? They are more likely to feel that they hold it in useless forms. The solution then is not confiscation, which Mr Petrakov rightly calls "the idea of a highwayman". The state should, instead, sell real assets – housing, shares in Soviet enterprises and even gold – and provide holders of money with a positive real rate of return.

In support of monetary confiscation, Mr Sergeyev claims that 60 per cent of the savings are in just 5m accounts. This appears to be nonsense. Some households may hold many accounts, but a reform that eliminated just the larger accounts would achieve nothing, except dissuade citizens from putting their money in banks once more.

Finally, there is convertibility. Contrary to the general impression, the rouble is not overvalued on a purchasing power basis. CIA estimates of Soviet GNP in dollars suggests that each rouble is worth $3. This may be an over-estimate of its true value, but the official exchange rate is well below that level, at around $1.60.

None the less, the country cannot move to convertibility at the existing exchange rate. First, a bout of corrective inflation is to be undergone. Second, there is a pent-up excess demand for imports, shown in exchange rates at the official auctions of 10 times the official rate and more. Finally, so long as internal relative prices are distorted, decentralised decisions can only lead to equally distorted patterns of trade and international borrowing.

Since creation of a link between the Soviet and world economies is important, the best move would be towards convertibility on current account. But this can only follow price reform and elimination of excess demand in the domestic economy. Meanwhile, Mr Petrakov's recommendation of a parallel hard rouble is just another way of "dollarising" the economy.

All paths to reform will, inevitably, show that the population has been cheated for years. The question for Mr Gorbachev and his advisers is how fiercely the people will respond to that demonstration.

LETTERS

Telecoms: the way to fair competition

From Mr Iain Vallance.

Sir, Your leader ("No need for phone cartels," April 17) makes a strong attack on the current arrangements for setting the charges for international telephone calls. But in some respects it misrepresents the position in the UK.

You say that, even in the US, UK and Japan, where there has been deregulation of domestic services, "competition on international calls remains almost non-existent." That is simply not the case.

The strongest competition in telecommunications services, where new entrants have made the greatest headway, has been in the market for international calls. Indeed it is perhaps not surprising that international calls from the UK and the US are among the cheapest in the world.

You say that the decisions on the use of high margins from international calls to subsidise unprofitable local networks should not be taken by monopoly suppliers behind closed doors. In the UK they are not.

In the UK these decisions have been taken by the Government and the regulator. They are not in British Telecom's interests and we expect them to be properly addressed in the forthcoming competition policy review.

You say that the best hope for speedy change may lie in bilateral action between governments strongly committed to competition.

British Telecom has been calling for reciprocity between (or, at least, harmonisation of) the regulatory regimes for telecommunications in the UK and the US for a long while without success. So we are less than sanguine about the prospects of speedy change via that route.

The only sure way of encouraging fair competition in telecommunications, whether international or domestic, is directly to attack the cross-subsidies between business users and the bulk of residential users. Cross-subsidy and fair competition are simply incompatible.

We calculate that in the UK alone, for international and domestic calls taken together, that cross-subsidy amounts to well over £1bn a year. This massive distortion of the market makes a mockery of competition and should be eliminated.

Any remaining subsidy of telecommunications users thought necessary on public policy grounds should surely be made from public funds or, failing that, from a charge on all public telecommunications operators and not just on British Telecom.

Iain. D.T. Vallance,
Chairman,
British Telecom,
British Telecom Centre,
81 Newgate Street, EC1

The freedom to advertise

From Mr Kenneth Miles.

Sir, Lord Deedes's report, Freedom of Expression and the Law, ("Former editor sees threat to free speech," April 9) highlights the growing number of threats to free speech in Britain.

But freedom of speech is a basic right which should apply to commercial companies as well as to private individuals. Information and commercial communication must flow as freely as personal ideas – for the benefit of consumers as well as companies. The companies who are members of this association (most of Britain's major firms in the manufacturing and service sectors) are increasingly worried about threats to freedom of speech in commercial communication, particularly advertising.

The freedom to advertise is an essential component of the free market economy. It must not be subverted by pressure groups who are actually trying to politicise trade through ever-increasing regulation.

An increasingly wide range of industries is threatened, from motor cars to medicines, toys to food. They are threatened by the belief that bureaucrats and "experts" know best about the information that consumers need. The business community must be alert to this danger and must take action to avert it. The regulatory tide must be stopped before it becomes unstoppable and weakens competition and free markets.

Kenneth Miles,
Director,
Incorporated Society of British Advertisers,
44 Hertford Street, W1

Food prices and inflation

From Sir Simon Gourlay.

Sir, The headline to Andrew Marshall's article ("Soaring food prices etc," April 12) smacks of sensationalism. It is true that a snapshot comparison with a year ago shows a one point larger increase in the food index than in the general index of retail prices. But as the article points out, if seasonal food is excluded, there is virtually no difference between the two series.

For a proper appreciation of the role of food in general price inflation, the effects of the weather and other short-term influences need to be discounted. What is significant is that over the 1980s as a whole the retail price index rose by 103 per cent as against a food price increase of 72 per cent. Farm gate prices lagged much farther behind with a rise of only 44 per cent and, if there had been no Green Pound, the increase would still have been only 55 per cent.

A Green Pound devaluation will lead to some increase in some food prices but the impact should not be exaggerated.

Simon Gourlay,
President,
National Farmers' Union,
Agriculture House,
Knightsbridge, SW1

Values statements and the vital ingredient

From Mr A. Campbell, Ms M. Devine, Ms S. Young and Mr D. Young.

Sir, Christopher Lorenz's article ("The virtues of 'values' statements," April 9) raises a central issue for many corporate managers. However, it reinforces a common management misunderstanding which our research over the last three years has exposed.

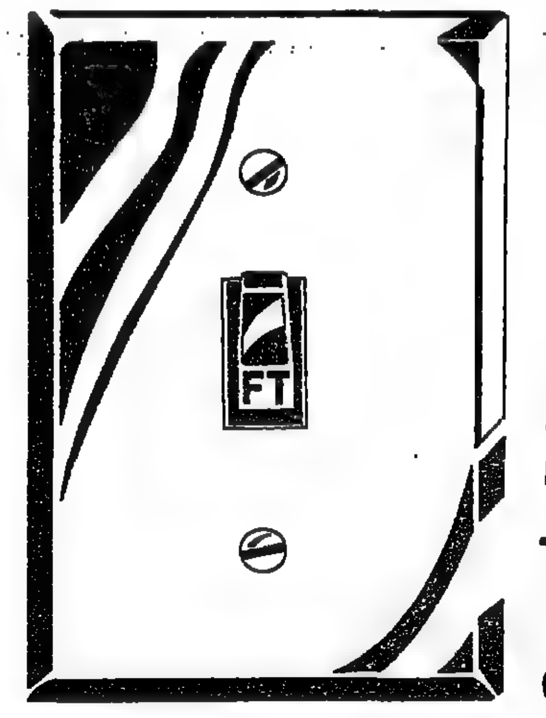
Mr Lorenz states: "The formulation of a values statement, together with tangible evidence that managers are putting it into practice, can greatly benefit a company's cohesion and morale, its speed of action and external reputation." This gives much too high a status to the values statement. Managers who manage based on strong principles and values can gain the benefits described – whether these managers have a values statement or not is largely irrelevant. Neither Marks and Spencer nor The Body Shop has values statements, yet both have strong values and both achieve most of the benefits.

Mr Lorenz then compounds the problem by saying: "The best-known example of the way a values statement can energise a company is that of Johnson & Johnson." It was not the values statement that energised J&J's handling of the Tylenol scare, it was the fact that management, even at low levels, shared the values. This shared belief about the difference between right and wrong helped these managers respond quickly and correctly. We predict that these shared values would be just as strong if J&J's "Our Credo" did not exist.

So what is the role of a values statement? It is like writing down your new year resolutions. If you are resolved and determined to live up to your resolutions, the list you write down is a helpful personal reminder. If you are not resolved, or if the resolutions are too ambitious, writing them down is no help. The vital ingredient is the degree of resolve rather than the statement. Leaders should therefore focus on how to help their people become "resolved." A values statement is only a minor part of this process.

A values statement can also aid communication with individuals or groups who do not know the organisation well – but only if it describes fact rather than fiction. When a values statement is more hype than heartfelt it encourages cynicism and attracts ridicule.

Andrew Campbell, Marion Devine, Sally Young,
David Young,
Ashridge Strategic Management Centre,
17 Portland Place, W1



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CRISIS IN LITHUANIA

US may cancel talks with Moscow

By Lionel Barber in Washington

PRESIDENT George Bush is reviewing a series of measures, including a possible freeze on US-Soviet talks on a bilateral trade and economic pact if Moscow carries out its threat to cut energy supplies to Lithuania.

The Lithuanian Government said yesterday it had information that Soviet oil supplies to a big refinery would be cut this morning. This would affect not only domestic supplies but also export contracts.

Earlier, Moscow signalled its intention of pressing ahead with economic sanctions by threatening sharp cuts in natural gas supplies to Lithuania.

Mr Aleksandras Abislas, speaker of the Lithuanian parliament, read deputies a telegram from the regional gas headquarters in neighbouring Belorussia, warning that supplies would be "sharply reduced from April 17 of the current year."

However, an official of the gas company said the telegram was meant to serve as a warning and that the 18m cubic metres of gas used daily by the republic would continue to flow for the present.

US and Soviet negotiators are due to resume talks on economic issues in the next three weeks, but they could be cancelled or postponed if the crisis in Lithuania escalates.

Mr Bush referred indirectly to a menu of retaliatory measures yesterday when he warned Moscow that the US would make "appropriate responses" if the Soviet Union imposed its threatened embargo on Lithuania.

He told reporters in the Oval Office, where he was meeting with President Rafael Callejas of Honduras: "Obviously we are watching the situation very, very closely. We're waiting to see if the Soviet announcements are implemented."

Mr Bush's decision to go public on possible US responses to the Lithuanian crisis reflects rising concern in Washington. However, the administration is still playing a waiting game in view of the uncertainly about Moscow's intentions.

The apparent ambiguities in the Soviet leadership over the fate of the rebellious republic emerged yesterday after four hours of talks in Moscow between Mr Eduard Shevardnadze, the Soviet Foreign Minister and Mr Gianni de Michelis, his Italian counterpart.

Mr Shevardnadze appeared to acknowledge Lithuania's quest for independence by comparing it with eastern Europe. His remarks, reported by Mr de Michelis, supported statements made to Soviet journalists earlier this week when Mr Shevardnadze said the ultimatum from Mr Mikhail Gorbachev, the Soviet leader and Mr Nikolai Ryzhkov, the Prime Minister, to the republic last week was "put forward in a hurry."

The US-Soviet trade talks stem from proposals from Mr Bush at the Malta summit which were aimed at producing closer economic and trade ties between the Soviet Union and the West in time for signing at the US-Soviet summit starting on May 30.

The proposals include an expanded civil aviation agreement, support for Moscow's observer status at Gatt, and granting most-favoured-nation status to the Soviet Union to accompany completion of a bilateral trade pact.

The escalation of the Lithuania crisis has prompted Congressional criticism of Moscow's stance.

Other reports, Page 2; Fall of the rouble, Page 21

Evidence supports Iraq gun claims

By Victor Mallet, David White and Emma Tucker in London

NEW evidence emerged yesterday to support claims by UK Customs and Excise officials that British companies have manufactured parts of a gigantic gun for Iraq.

Walter Somers, the West Midlands forging subsidiary of the Eagle Trust mini-conglomerate, received an order this month for what might be an aiming device for such a gun, Eagle Trust said yesterday.

The British and Belgian Governments, meanwhile, have evidence that PRB, a Belgian defence company now owned by Astra of the UK, was contracted by Iraq to help produce a booster-assisted shell for such a gun.

Contracts for both the suspected gun components and the projectile it would fire were co-ordinated by companies associated with Dr Gerald Bull, the Canadian ballistics expert murdered in Brussels last month.

Mr Douglas Tweddle, Chief Investigation Officer with Customs and Excise, said yesterday he was convinced that the seized equipment made by Forgemasters Engineering was covered by the Munitions list of the Export of Goods Control Order 1989 and could be used as the barrel of a large gun.

The opposition Labour Party yesterday called on the Government to explain the affair. Mr Gordon Brown, opposition spokesman on trade and industry affairs, challenged the Government to end a week of "inexcusable silence and evasion."

Completed orders worth £1.9m ($3.1m) already sent to Iraq by Walter Somers, according to Mr David James, Chairman of Eagle Trust, include:

- £55,000 of hydraulic equipment which may be a recoil system for a gun.
- items which could be used for polishing the inside of a gun barrel.
- 350mm-bore pipes.

All orders had been described as being for a petrochemicals plant.

Walter Somers became suspicious about its business with Iraq following the murder in Brussels last month of Dr Bull.

Space Research Corporation and ATI, companies connected with Dr Bull, provided technical data and drawings for the various orders, Eagle Trust said.

The possible aiming device has not been supplied to Iraq by Walter Somers. "It is a steel frame which allows for a very substantial pipe-like device to be swung through a 60-degree angle," Mr James said.

"None of us have ever heard of an oil pipe which requires a lateral movement of 60 degrees."

Eagle Trust told the authorities of its suspicions and last week customs officials seized documents from Walter Somers and Forgemasters Engineering.

They also impounded eight pipes made by Forgemasters as the components of a suspected gun barrel. Forgemasters has consistently maintained that the pipes are for a petrochemical project.

Astra refused to comment on the PRB contract yesterday. But Astra's information is thought to have played an important part in convincing British officials that an Iraqi gun project was under way.

Suspicions were alerted when Astra, shortly after taking over PRB last September, discovered a contract for advanced propellants, ostensibly destined for Jordan, Iraq's neighbour and ally. The contract was found to be for Iraq.

Dr Gerald Bull, murdered in Brussels last month, whose companies co-ordinated the gun contracts

The contract was signed in early 1988, about the same time as the deals concluded with Walter Somers and Forgemasters. Technical specifications for the PRB propellant were supplied by ATI in Athens.

PRB was owned at the time of the contract by Gechem, a subsidiary of Société Générale de Belgique.

The Belgian munitions company was a former partner with Dr Bull in an artillery venture and was in contact with him shortly before his murder on March 22 this year.

Gechem has maintained that PRB cut off all connections with Dr Bull after the latter was convicted in the US in 1980 of breaking the arms embargo on South Africa. Astra had been planning to issue a statement to this effect yesterday.

However, Astra said it had discovered that PRB had continued to hold "desultory talks" with Dr Bull since the takeover. Its information was that these contacts were "innocent and mundane."

They were of the kind to be expected between a top world expert on long-range artillery and a leading munitions manufacturer, it said.

Background, Page 8

Shell buys oil tankers from Onassis estate

By Steven Butler in London

SHELL, the Anglo-Dutch oil group, yesterday purchased four very large crude carriers from the estate of the late Christina Onassis, after a decade in which oil companies had consistently made disposals in the shipping market.

The deal was said by shipping brokers to be worth well over $100m, although Shell would not comment on the price.

The deal was seen as particularly interesting because these were vintage vessels, built between 1972 and 1977, ranging between 265,000 deadweight tonnes and 273,000 dwt.

Many vessels of this age and type were being scrapped until recently. There are also fears about safety and integrity of older vessels at a time when when environmental standards are growing tighter.

Shell stressed yesterday that the technical standard and integrity of vessels was determined not by age but by the standards to which it was built and by its maintenance record. It said thorough inspection had confirmed the hull integrity and good condition of the vessels which would enable them to be operated safely.

The vessels were operated by Olympic Maritime, part of the Onassis group. The deal was arranged by Seascope Shipping, the shipping broker.

The purchase reflects Shell's view, which is shared by many analysts, that the world's oil tankering capacity could be put under strain in the 1990s, as oil for the industrialised countries is supplied increasingly by long-haul tankers from the Middle East.

Tanker rates and prices were in the doldrums in the early 1980s as world oil consumption declined and many large oil companies disposed of loss-making ships.

Tanker scrapping reached a peak in 1985 and has declined sharply since then.

At the same time prices for second-hand tankers have risen steadily over the past five years from a level barely above scrap value.

During the years of depression in the international shipping and shipbuilding industry, worldwide manufacturing capacity was cut back sharply.

Supertankers basically cannot be built in Europe any longer, while Korean and Japanese yards are booked solidly.

A new ship costs between $80m and $100m to build.

The world's order book for tankers doubled between 1987 and 1989, while delivery time has also doubled to three years. Older vessels which would have been scrapped until recently are now being refurbished to extend their useful life.

THE LEX COLUMN

Pulling the plug on Atlantic

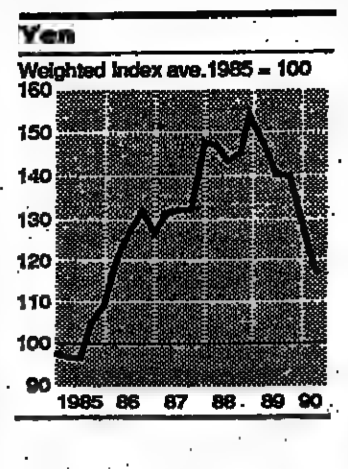
There are some historic precedents in the UK – but very few – for British & Commonwealth's drastic attempt to wash its hands of Atlantic Computers. Not only was it disturbing as a matter of business ethics to see B&C issue a 15-paragraph statement disowning a subsidiary of this size without a word for Atlantic's customers or employees. It is also hard to be reassured by B&C's protestations that with Atlantic gone, all its other problems are manageable. B&C has the full backing of the nine UK, US and Hong Kong banks accounting for the bulk of its lines of credit. But judging from B&C's 1988 balance sheet, at least half of its £1bn debt pile is made up of unsecured loan stock, whose holders may well be less keen to shore up the facade.

Without 1989 results, one can only stab at the price B&C's shares could fetch when they eventually reopen. The ultra-bearish, who say zero, are overdoing it. By writing off £550m on Atlantic, B&C must have created tax losses worth something to somebody. Its sizeable damages claim against Quadrex could be valuable. As for the rest of B&C's businesses, such as Exco in money-broking, Oppenheimer in fund management and Hamptons in estate agency, operating profits in 1988 came to about £140m. If they did only £100m last year, B&C should still be able to service its debt and the show might stay on the road.

But there are two obvious possible pitfalls. One is that none of B&C's businesses, even Exco, is a totally reliable cash generator. The second is that B&C's interests are so far-flung, ranging from property lending to private client stockbroking, that the City is bound to fear skeletons tumbling out of more closets. It is a poor omen that it apparently took Mr Gunn and his fellow-directors 18 months to find out how bad things were at Atlantic.

Vickers

Now that Vickers' shareholders have the formal arguments for and against the demerger of Rolls-Royce Motors, there seems little doubt which way the meeting should go tomorrow week. The central risk is that an independent Rolls-Royce might get into trouble as Jaguar did. The Brierley camp points out that Rolls-Royce has said it can fund its next decade of investment internally; but, as Rolls-Royce also says, public companies must pay dividends



as well.

Suppose it were true, as Sir Ron argues, that a demerged Vickers would start with a total value of 255p, compared with 223p at present. The crucial problem – which his document does not address – is that if Rolls-Royce were to falter, rescue by takeover would be direly complicated by the fact that it does not own its own brand name. It is not impossible that a new owner might be found who could convince Rolls-Royce plc that the purity of the name would be preserved; but it would not do to count on it.

Sir Ron's whole approach seems based on Goldsmith's attack on BAT, or rather on BAT's response. Vickers is both to demerge businesses and sell them, while using its cash both to buy back shares and to step up the dividend payout. The trouble is that by declining to bid outright, Sir Ron is toothless. If shareholders pass the Cosworth deal, a Rolls-Royce demerger would be immediately harder. If they do not, they would in effect be inviting the management to resign. Tempting though the Rolls-Royce prize undoubtedly is, it seems to be receding by the day.

Currencies

Any suggestion that the recent Group of Seven meeting had restored order in the foreign exchange markets was quickly dismissed by another outbreak of yen-bashing yesterday. The dollar just failed to close above the 160 yen level in European trading; and if today's US trade figures for February are anywhere near as good as some of the predictions, the yen is likely to take another tumble.

In the near term, the biggest casualty will continue to be the Japanese equity market. However, the longer the turmoil in the currency markets persists, the more likely that the blunt weapon of interest rates will have to be used again. One of the lessons of the recent sharp setback in Japan's financial markets is that its reliance on non-monetary ways of influencing the markets, such as moral suasion, no longer seems as effective as before. If this means that Japanese and perhaps global interest rates have to head yet higher before they can start to decline, the surprisingly robust performance of other equity markets in the last few months may have been overdone. Equities have largely ignored this year's weakness in the bond markets, but there is a limit as to how long the two markets can diverge.

The growing deregulation of Japan's financial system may partly explain why its latest money supply figures continue to look so worrying. Nevertheless, the sharp drop in the yen over the last year has added to inflationary pressures, and the recent dip in the oil price is not going to disguise this. The news on the US inflation front is equally disconcerting. The annual rate is increasing at a time when it should be decreasing. The bond markets are once again nervous; and it would only take another nasty surprise, such as a rise in West German interest rates or a sharp drop in the dollar, to upset the present complacency in the equity markets.

Radio shares

The savage stock market reaction to yesterday's profits warning from Yorkshire Radio, which affected most of its rivals to a lesser degree, is understandable if misplaced. Industry-wide figures are not yet available; but if the 17 per cent drop in Yorkshire's first quarter 1990 advertising revenues is anywhere near typical, it does not bode particularly well for the rest of the industry in the short term. High fixed costs, rising spending and falling revenues do not make a happy backdrop for an infant industry facing its first real recession. The plus points are that most of the companies are cash rich, and that slashing radio advertising spending may quickly prove to be a false economy. When the industry was selling on multiples of 20 times plus of earnings, it was too expensive. However, it still does not deserve to sell at a discount to the market.

US will not rejoin Unesco

By Lionel Barber in Washington

THE US will not rejoin the United Nations Educational, Scientific and Cultural Organisation (Unesco) because it wastes money, continues to be poorly managed and remains equivocal about press freedom, according to a State Department report released yesterday.

The report concludes that Unesco has made little progress in correcting the management weaknesses, fiscal indiscipline and anti-Israel bias which caused the US to withdraw from the UN organisation in 1984.

"Bluntly stated, Unesco needs the US as a member far more than the US needs Unesco," said the report, issued by Mr James Baker, Secretary of State.

The US would have to pay $50m a year in membership dues if it rejoined the Paris-based group, which has an annual budget of $189m. The report says US influence is sometimes greater as an outsider.

The US has long been hostile to Unesco, particularly during the 13-year stewardship of Mr Amadou-Mahatir M'Bow of Senegal, which came to an end in 1987.

Mr M'Bow backed a "New World Information Order" widely criticised for being hostile to western news and broadcast organisations, and was accused of turning Unesco into a forum for partisan debates between the Third World and the west.

There were hopes that when Mr Federico Mayor Zagaroza of Spain took over as Director-General, US opposition would abate.

But the lack of fiscal discipline and the appointment of a special Unesco co-ordinator for co-operation with Palestine appears to have irked the US which is trying to pursue a peace initiative in the Middle East.

Britain withdrew from Unesco in 1985, citing anti-western bias and mismanagement. Together, the US and Britain took away about 30 per cent of Unesco's budget.

- In Paris, Mr Federico Mayor Zagaroza said the absence of the US would slow down the pace of reform and that the decision didn't take into account changes already in place, Reuter reports from Paris.

"The report failed to take full account of the changes in programme which have already taken place at Unesco," the statement said.

The Director General has faced a series of staff strikes since he announced a controversial $6m overhaul of the organisation in February, involving the creation of 40 senior posts.

According to an auditors' report, senior officials were often overpaid and given illegal perks.

BT says domestic calls are subsidised by £1bn a year

By Hugo Dixon in London

HIGH PRICES for international and long-distance telephone calls in the UK are subsidising local calls to the tune of well over £1bn ($1.63bn) a year, according to British Telecom.

In a letter to the Financial Times published today, Mr Iain Vallance, BT's chairman, calls the cross-subsidy, which is imposed by the Government for social reasons, a "massive distortion" which makes a mockery of competition and which should be eliminated.

He says business users are paying more than necessary to subsidise residential customers.

Mr Vallance's letter portrays BT as a victim of the international phone cartel, of which it is a member, rather than an active supporter of its practices.

BT's figure of well over £1bn relates only to the UK.

An FT investigation published earlier this month showed that customers across the world were being overcharged by more than $10bn a year for international calls. The UK's Office of Telecommunications, the European Commission and the US Federal Communications Commission are all investigating why international prices are so high.

In its 1988-89 financial year, BT reported operating profits of £653m on turnover of £2.05bn from international services.

Mr Vallance says: "The only sure way of encouraging fair competition in telecommunications, whether international or domestic, is directly to attack the cross-subsidies between business users and the bulk of residential users.

"Cross subsidy and fair competition are simply incompatible."

Letters, Page 21

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	17	63	Dallas †	F	18	64	Madeira	S	17	63	Prague	C	10	50
Algiers	S	20	68	Dublin	R	6	43	Madrid	F	16	61	Reykjavik	S	1	34
Amsterdam	F	8	46	Dubrovnik	F	15	59	Majorca	S	18	64	Rhodes	F	19	66
Athens	S	18	64	Edinburgh	C	5	41	Malaga	S	19	66	Rio de Janeiro		–	–
Bahrain	S	27	81	Faro	S	24	75	Malta	S	17	63	Rome	S	16	61
Barcelona	S	15	59	Florence	F	18	64	Manchester	F	9	48	Salzburg	F	11	52
Belfast	R	5	41	Frankfurt	F	8	46	Melbourne	C	17	63	S'Francisco †	C	13	55
Belgrade	C	9	48	Geneva	F	11	52	Mexico City		–	–	Santiago		–	–
Berlin	S	12	54	Gibraltar	C	18	64	Miami †	S	24	75	Seoul	C	15	59
Biarritz	C	11	52	Glasgow	R	6	41	Milan	C	14	57	Singapore	F	33	91
Birmingham	F	9	48	Guernsey	S	10	50	Montreal †	R	7	45	Stockholm	F	10	50
Blackpool	F	9	48	Helsinki	S	9	48	Moscow	C	19	66	Strasbourg	R	9	48
Bombay	F	30	86	Hong Kong	Dr	18	64	Munich	F	10	50	Sydney	F	19	66
Bordeaux	C	10	50	Innsbruck	F	13	55	Nairobi		-	-	Tangier	S	21	70
Boulogne	F	10	50	Inverness	F	8	46	Naples	C	17	63	Tel Aviv	S	20	68
Bristol	F	9	48	Isle of Man	R	6	43	Nassau		–	–	Tenerife	S	21	70
Brussels	F	10	50	Istanbul	F	16	61	Newcastle	R	7	45	Tokyo	R	11	52
Buenos Aires		–	–	Jersey	S	10	50	New Delhi	S	36	97	Toronto †	C	2	36
Budapest	F	16	61	Johannesburg	S	18	64	New York †	C	11	52	Tunis	F	18	64
Cairo	S	27	81	Las Palmas	C	20	68	Nice	F	16	61	Valencia	F	23	73
Cape Town	S	31	88	Leeds	H	8	46	Nicosia	F	19	66	Venice	S	16	61
Cardiff	C	10	50	Lisbon	F	18	64	Oporto	F	16	61	Vienna	S	13	55
Chicago †	S	1	34	Locarno	S	15	59	Oslo	F	8	46	Warsaw	C	14	57
Cologne	F	10	50	London	S	11	52	Paris	F	10	50	Washington †	S	13	55
Copenhagen	F	8	46	Los Angeles †	R	14	57	Peking		-	-	Wellington	C	16	61
Corfu	R	14	57	Luxembourg	F	9	48	Perth	S	24	75	Zurich	F	7	45

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Figures fuel market fears

Continued from Page 1

In London, sterling opened sharply lower on its trade-weighted index as traders digested the full implications of the news that UK inflation was rising and set to peak this summer.

"All of the bond markets weakened – but the really bad news was reserved for the Anglo-Saxon ones," said Mr Peter Spencer, economist at Shearson Lehman Hutton.

City economists said the prospects of a wage-price spiral stemming from the current wage-bargaining round, and of heavy Conservative losses in the May local council elections had added to anxieties about a weak pound and rising inflation in the UK.

"Inflation could breach 10 per cent by the summer and blow the Treasury forecasts out of the water," said Mr Neil Mackinnon, of Yamaichi International.

In the expectation of continuing high inflation, gilt yields rose while gilt futures sustained losses of around half a point. The FT-SE 100 share index closed down 7.6 at 2,214.5.

Sterling closed down at 86.7, after finishing at 87.0 on Thursday.

Mongolia throws light on death of Lin Biao

Continued from Page 1

on board, but the point of the ill-fated flight was not obvious.

"After the investigation, the details of the flight were still not clear. Some people said that the aircraft was shot down by the Mongolian army – those reports are not true," the general said.

Lin's grand but clumsy conspiracy and his supposed ties to Moscow, which he had repeatedly criticised before his demise, have always had the ring of the ridiculous, particularly as the marshal was recognised as a brilliant military strategist.

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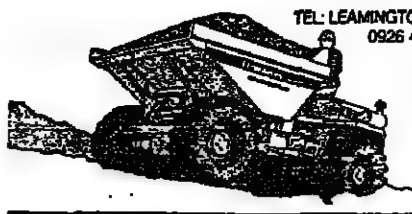
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INSIDE

The rewards of boxing clever

It has been a busy year for Robert Montague (left) chairman of Tiphook — one in which his group became the world's third largest container rental company. Much of the 12 months was spent battling for a part of James Sherwood's Sea Containers empire, in a joint takeover bid with Stena, the Swedish shipping group. But with victory came a doubling of Tiphook's fleet of containers — the basic boxes which are used to ferry all manner of cargo around the globe. Page 29

Bond sells Chilean interest

Alan Bond, the embattled Australian entrepreneur, has sold his 43.72 per cent stake in Compania de Teléfonos de Chile for US$388m. It has been bought by Telefonica, and is the Spanish telecommunications monopoly's biggest ever foreign investment. Page 24

Power to the people

When Denmark's two largest pharmaceuticals manufacturers, Novo and Nordisk Gentofte, merged last year, it would have been easy to shed staff and achieve a three-digit profit improvement. "Speculators would have loved it, but within five years Novo Nordisk would have been dead," says Mads Ovlisen, co-president. So, instead, employees were redeployed in the research and development and marketing operations — a strategy that is already showing signs of success, reports Hilary Barnes. Page 24

All eyes on the beet route

UK sugarbeet farmers have had more to worry about than when to plant their crop this spring. British Sugar, the monopoly processor of all sugarbeet grown in Britain is a subsidiary of Berisford International, the troubled commodities group which last month put itself up for sale. Many growers have become disillusioned with Berisford and will not be sorry to see a change of owner at British Sugar, writes David Richardson in his Farmer's Viewpoint column. There is, however, a feeling of unease about what will happen next. Page 36

Market Statistics

Base lending rates	44	London traded options	28
Benchmark Govt bonds	27	London tradit. options	28
FT-A indices	28	Money markets	44
FT int bond service	27	New int. bond issues	28
Financial futures	44	World commodity prices	36
Foreign exchanges	44	World stock mkt indices	46
London recent issues	28	UK dividends announced	34
London share service	38-39	Unit trusts	40-43

Companies in this section

Alcoa	26	Nova Corp	26
Alcoa of Australia	25	Novo Nordisk	24
American Home Prod	26	PaineWebber	26
Anglovaal	25	Peters (Michael)	34
BSM	34	Pioneer	25
BTR	34	Pirelli Tyre Holding	28
Campeau Corp	26	Rand Mines	25
Citicorp	24	Renault	24
Control Data	26	Rockwell	26
Cresta Holdings	31	Rugby	31
Daily Mail & Gen Tst	31	Samsung Electronics	28
Den norske Bank	27	Sea Containers	29
EIS	32	Solvay	24
F&C Pacific	32	Stena	29
Finlan	29	Telefónica	24
GTE	26	Thompson Clive	29
General Electric	26	Thomson-CSF	24
Havelock Europa	32	Tiphook	29
Hobsons Publishing	31	Triefus	32
How	32	UAL Merchant Bank	31
IEP Securities	30	United Telecoms	26
Inishtech	32	Vickers	30
JCI	25	Volvo	24
Maple Leaf Gardens	26	Warner-Lambert	26
Mckechnie	34	Wasserstein Perella	27
Midland Bank	26	Yale & Valor	28
Norton Company	34	Yorkshire Radio	34

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Holzmann (P.)	1680	+	60
Falls			
Feldmuehle	530	−	9
Mannesman	386.5	−	7.5
Rheinelektra	2450	−	10
Rheinmetall	488	−	14
Schering	850	−	5.5

NEW YORK ($)

Rises			
Atlantic Rich.	$114\frac{5}{8}$	+	$\frac{7}{8}$
NCNB	38	+	1
Falls			
Gen. Electric	$66\frac{1}{2}$	−	$\frac{7}{8}$
IBM	$110\frac{5}{8}$	−	$\frac{1}{8}$
NCR	65	−	$5\frac{3}{4}$
North. Bancorp	32	−	$8\frac{1}{2}$

PARIS (FFr)

Rises			
Babcock-Wan	885	+	30
Carrefour	3605	+	85
Elf	2417	+	67
Hachette	436	+	13
Schneider	1179	+	49
Falls			
Roussel-Uclaf	2170	−	110

TOKYO (Yen)

Rises			
Hokkaido C-C	2670	+	220
Isuzu Motors	770	+	120
Meiji Leather	1830	+	190
Nihon Park.	1090	+	95
Nippon Sekisen	1040	+	100
Falls			
Kosugi Sangyo	1000	−	100

New York prices as at 12.30pm.

LONDON (Pence)

Rises			
Cadbury Schwps.	330	+	3
ECC	370	+	12
Hillsdown Hldgs	238	+	6
Laird Group	248	+	2
Falls			
Barclays	565	−	10
Blacks Leisure	48	−	11
Brit. Aerospace	524	−	1
Capital Radio	135	−	19
Chiltern Radio	190	−	30
LASMO	579	−	8
Lloyds	274	−	8
Midland	325	−	8
Midlands Radio	141	−	4
Radio City	358	−	45
Radio Clyde	223	−	12
Rolls-Royce	$187\frac{1}{2}$	−	$2\frac{1}{2}$
Ward Group	265	−	15
Yorkshire Radio	92	−	50

Del Monte sells European tinned fruit business

By **Clay Harris** in London

DEL MONTE, the US processed fruit and vegetables group which was bought out from RJR Nabisco in January, yesterday sold its European juice and tinned fruit business for $375m to investors led by affiliates of Britain's Charterhouse Bank.

The deal continues the global shake-up in the ownership of food groups in the wake of Kohlberg Kravis Roberts' record $25bn leveraged takeover of RJR at the beginning of 1989.

It also means "the man from Del Monte" will have four different corporate faces around the world: US, Japanese, British from Turkish Cypriot origins, and UK-based "European."

Polly Peck International, the trading group headed by Mr Asil Nadir, separately bought Del Monte's worldwide fresh pineapple and banana business from RJR for $875m last year.

Del Monte Foods International, the company which changed hands yesterday, is the market leader in tinned fruit in Europe and ranks first or second in juices in every country.

It achieved operating income of $48m on turnover of $351m in the year to November 1989. The UK and Italy — where it also supplies tomato-based products, cake and pizza mixes and desserts — together account for 60 per cent of group sales.

Mr Leon Allen, president and chief executive officer of the European business since May 1988, said his operation was "separate and separable" from the rest of Del Monte.

The company planned to increase penetration of markets in which it was relatively weak, especially France and Spain, and to extend the range of products carrying the Del Monte name, he said.

Charterhouse subsidiaries or affiliates arranged all aspects of the European buy-out. Three Charterhouse-run funds are underwriting the $136m equity element of the transaction and intend to retain a significant stake.

Del Monte International management and employees will own an "important part" of the equity and the former US parent company plans to subscribe for a 5 to 10 per cent holding.

The financing includes $90m of mezzanine capital, provided by Prudential Insurance of the US, and $212.6m of senior debt, which includes acquisition costs and working capital.

Merrill Lynch, the US securities house which led the original $1.48bn buy-out of Del Monte, has now reduced its equity stake from more than half to between 20 and 30 per cent.

It advised Del Monte on the latest transaction.

Citicorp profits down 56% in first quarter

By **Martin Dickson** in New York

CITICORP, the biggest banking group in the US, yesterday announced a 56 per cent drop in first-quarter net income, due mainly to mounting pressures on its corporate and investment banking business and higher write-offs and provisions for the troubled domestic real estate market.

The figures underline the increasingly tough climate for US banks, as investment banking revenues slow, federal regulators take a tougher line on accounting for problem property loans, and some highly-leveraged deals carried out in the 1980s go sour.

Citicorp's net income totalled $231m, or 60 cents a share, compared to $529m, or $1.53, in the first quarter of last year, when the figures were helped by a $77m post-tax gain from a property sale and $66m of revenue from Brazil. Despite the profits dip, the board raised the quarterly dividend by 9.9 per cent to $0.445 to reflect the "outlook for Citicorp's continuing long-term revenue and earnings momentum" and the company's stock was unchanged on the day, at $24⅞, in lunchtime trading on the New York Stock Exchange.

Citicorp's consumer banking business did relatively well, boosting net income 26 per cent to $270m, from $214m a year ago and $202m in the fourth quarter.

However, corporate and investment banking in North America, Europe and Japan suffered from a flattening of revenues, which fell 1 per cent to $890m.

After a $225m provision for possible credit losses, compared to $45m, net income on the corporate side was $40m, against $173m.

A grandmaster's defence

John Burton on the Wallenbergs' efforts to protect their industrial empire

Mr Peter Wallenberg, a grandmaster commanding the chess board of Swedish industry, moves his corporate chessmen with a purpose. His aim is to ensure that the financial dynasty he heads retains its dominant domestic position against all challengers — from inside Sweden or, perhaps in future, from outside.

His latest manoeuvre came in early April when Wallenberg-controlled Asea, the electrical engineering concern, took over the development holding company Incentive, which the family founded in 1963. The short-term aim of the deal was to buy out Incentive's largest shareholder, the property developer Mr Fredrik Lundberg, one of several Swedish investors who has conducted profitable "greenmail" raids on Wallenberg companies during the 1980s.

But like any good chess player, Mr Wallenberg was thinking several moves ahead, anticipating the day when foreigners will have unlimited access to the Swedish corporate world, once ownership barriers have been dropped.

The merger of Incentive into Asea is part of a strategy of consolidating the Wallenberg holdings into their most important companies.

Probably no other family in the Western world wields as much economic power within its own country as the Wallenberg family does in Sweden, controlling companies that account for one-third of the market value of the Stockholm bourse. The dozen corporations affiliated with the Wallenberg sphere are like a blue-chip guide to Swedish industry: Alfa-Laval, Asea, Astra, Atlas-Copco, Electrolux, Ericsson, Esab, Incentive, Saab-Scania, Scandinavian Airline Systems, SKF, and Stora. Smaller shareholdings range from Skandia, Sweden's largest private insurance company, to the commercially-run Stockholm Options Market.

In addition, there is Skandinaviska Enskilda Banken, the descendant of Stockholm's Enskilda Banken, which provided the foundation for the family's rise to power.

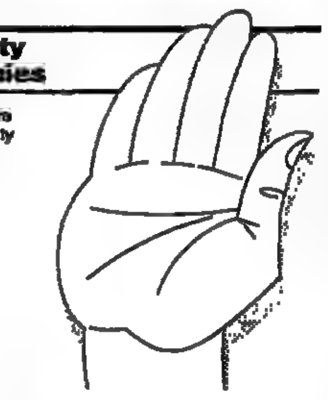
The bank, founded by Mr Wallenberg's great-grandfather, financed Sweden's early industrial revolution and gained stakes in the country's leading companies. These holdings were later transferred to several Wallenberg family foundations and investment companies, such as Investor and Providentia, which, together with the bank's pension funds and cross-ownership arrangements, keeps the group bound together.

The family, through this complex financial network, possesses the largest block of voting rights in each of its member companies, although this is often less than a majority stake. Control is strengthened by the appointment of executives by the family.

Peter Wallenberg: consolidating the family holdings

Wallenbergs' voting & equity stakes in affiliated companies

Percentages include Asea's* stakes in Electrolux & Esab	% share of votes	% share of equity
Electrolux	95	14
Esab	49	47
Ericsson	42	4
SKF	40	20
Saab-Scania	39	34
Stora	34	29
Alfa-Laval	33	16
Atlas-Copco	31	27
Asea	28	23
Incentive*	28	23
Sila**	17	17
Astra	15	14
Skandinaviska Enskilda Banken	10	10



*Prior to its acquisition by Asea
**Sila is an investment company which holds half of ABA, which owns 3/7 ths of Scandinavian Airline Systems. The other half of ABA is controlled by the Swedish state.

Although the Wallenbergs no longer enjoy the hegemony they once had over Swedish industry, Mr Wallenberg has spent the 1980s reorganising the industrial empire into a more cohesive group. He has confounded earlier predictions that the federation of Wallenberg companies was on the verge of disintegrating in the face of corporate raiders.

The Wallenbergs have managed to contain such threats so far because the enormous rise in stock values on the Stockholm Stock Market during the 1980s made it expensive for an outsider to acquire large blocks of shares. The market, however, appears to be headed for a weaker period.

Consolidations have also occurred to create bigger companies that would not only be harder to take over, but would benefit from economies of scale and vertical integration. The mergers, too, provide the family with income to bolster financial reserves.

But it is Sweden's decision to harmonise its laws with the EC that could loosen the family's grip on its companies by opening them up to sizable foreign investment.

The Swedish system of differentiated stock, with some shares having 10 to a thousand times the voting strength of other shares, has allowed the Wallenbergs to keep companies within their sphere of influence, even when holding only a minority of the equity.

But the Swedish rules could change, such as introducing "one share, one vote" reforms, depending on what the EC finally decides in its attempt to harmonise stock ownership laws. Sweden may also have to abolish laws limiting foreign ownership in most companies to 20 per cent of the votes and 40 per cent of the equity.

Some analysts believe the Wallenbergs would have to give up control of some of their companies if these changes occurred, since raising the family's stake in all of them would sap its financial resources. The Wallenbergs' total stock portfolio is now valued at SKr45bn (£4.39bn), about a fifth of the combined market value of the Wallenberg companies. The family would have to spend at least SKr50bn to retain control over its concerns, by raising its average voting stake to 40 per cent from the current level of 20 to 25 per cent.

But Mr Wallenberg already appears to have decided on a compromise solution by merging the group's companies with foreign concerns on a 50/50 basis to create pan-European giants. The first example of this was the merger of Asea and Brown Boveri of Switzerland in 1988, creating Asea Brown Boveri, the world's largest electrical engineering company.

Asea is now planning to split into two halves, a holding company for Asea's half of ABB and a group to manage the rest of Asea's operations, which are mainly based in Sweden. This will also aid the Wallenbergs in holding on to Asea and other parts of their industrial empire. It will be less expensive for the family to gain a bigger stake in the smaller Asea group, which will be independent of ABB, than for it to strengthen its control of the present Asea.

Asea is a particularly important component of the Wallenberg sphere since it owns 49 per cent of votes in Electrolux, supporting the family's direct stake of 46 per cent in the concern, and holds 48 per cent of Esab, the welding equipment company.

Mr Wallenberg is also splitting up other companies. General Motors last December acquired half of the Saab car division in a bid to save the loss-making division, which was bleeding away profits from the rest of Saab-Scania. The new joint venture is now a separate company, Saab Automobile.

The search for foreign partners is an acknowledgement that Sweden's multinationals will have a hard time continuing to survive alone in the 1990s in the face of the EC single market. The fact that most of the Wallenberg companies are capital-intensive with high research and development costs would indicate that many of them are destined for international alliances.

The 1990s will probably see the Wallenberg sphere of influence split in two. Parts of the Wallenberg companies will forge equal partnerships with foreign concerns leaving the family with a group of smaller concerns that will be easier and less costly to protect.

It amounts to a new variation of the "divide and conquer" strategy, with the Wallenbergs retaining a jealously-guarded financial power base in Sweden, while participating in the globalisation of Swedish industry.

Rover interests valued at £520m

By **John Griffiths** in London

HONDA and Rover Group yesterday announced they had finalised terms for a cross-shareholding valuing the Rover Group's manufacturing and sales operations at £520m ($853m).

The agreement, coming three months later than expected, again focuses attention on whether British Aerospace, Rover Group's parent, paid too little for the vehicles group which it bought from the UK Government for £150m in August 1988.

The deal, which also involves the Japanese car maker handing over £30m in cash to BAe, comes only days before the EC Commission is expected to rule on whether BAe should repay at least £38m which it received from the Government to help with the Rover purchase.

The EC Commission's ruling will be followed by reports from two UK Parliamentary select committees which are expected to be highly critical of the sale. The UK's National Audit Office has already concluded that Rover was "substantially undervalued."

The cross-shareholding deal was signed in New York at the weekend between Rover Group's chairman Sir Graham Day and Honda president Mr Tadashi Kume. It has been structured so that Honda will receive no benefit from assets which formed part of the Government's sale of Rover to BAe but which are not directly involved with vehicle-making. These comprise mainly property and Rover's minority shareholdings in, notably, truck-maker DAF and the parts and accessories group, Unipart.

The agreement, to be fully implemented later this week, provides for Honda to take a 20 per cent shareholding in Rover Group Limited, a company set up unannounced in December as an operating subsidiary to Rover Group Holdings.

The net assets of the new subsidiary were £1.1bn in January, according to Rover.

The subsidiary embraces only the design, manufacturing and marketing activities of Rover, including Land Rover.

In return, Rover Group Holdings will acquire 20 per cent of Honda of the UK Manufacturing (HUM), Honda's Swindon-based UK manufacturing arm.

Honda is already making engines at the 380-acre Swindon site and is to start production of a new car range, with both Honda and Rover versions.

When the deal is complete, Honda will own 104m ordinary £1 shares in Rover Group and Rover will own 74m £1 shares in HUM. However, while HUM is currently capitalised at £60m, the agreement provides for HUM's share capital to be increased progressively to £370m as the facility comes fully on stream. Rover will be allotted 20 per cent of each new share issue.

Each company will have one non-executive director on the other company's board. Mr Shoichiro Irimajiri, Honda senior managing director, will fulfil the role on Rover's Board and Mr John Towers, Rover's product development director, will sit on HUM's Board.

Strong recovery at La Générale

By **Tim Dickson** in Brussels

SOCIETE GENERALE de Belgique, the holding company which sits atop a prestige collection of Belgian industrial and commercial assets, announced yesterday that its net profits last year totalled BFr20.1bn ($570m), compared with a BFr872m loss in 1988.

La Générale said that "in spite of the less favourable global environment and because of restructuring currently taking place inside the group," its objective in 1990 is a profits performance "at least equal" to that of 1989.

Yesterday's results — above the company's own forecasts at the halfway stage, though roughly in line with market expectations — will be noted with keen interest by Mr Carlo De Benedetti, the Italian industrialist whose bold but unsuccessful bid for La Générale captured the attention of European financial circles for much of 1988.

Mr De Benedetti is known to be anxious to sell his remaining 15 per cent stake in the company but he would have to suffer a financial loss even if he found a buyer at last night's closing price of BFr3,395 (up BFr35 on the day). Negotiations earlier in the year with Japanese investors are rumoured to have fallen through.

The net profit figure was made up of current net profits of BFr16.76bn and extraordinary profits arising from capital gains of BFr3.35bn. This compared with extraordinary losses of more than BFr10bn in 1988.

The profit per share was given as BFr839 (against a loss of BFr18) and the dividend goes up from BFr77 to BFr84.

Last year's accounts have been drawn up (and those for 1988 revised) on a harmonised and internationally comparable basis. They are based mainly on the International Accounting Standards and the Generally Accepted Accounting Principles (GAAP).

Viscount Etienne Davignon, chairman, explained that this would help prepare the way for possible entry to the London and Stockholm Stock Exchanges in the course of this year.

Mr Herve De Carmoy, La Générale's chief executive, said that the results demonstrated that investments made by the new management "have been reasonably judicious."

These securities having been sold, this announcement appears as a matter of record.

New Issue March 21, 1990

2,300,000 Shares

Viking Office Products, Inc.

Common Stock

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Bear, Stearns & Co. Inc. The First Boston Corporation
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Bond to receive US$388m from Telefónica deal

By Peter Bruce in Madrid

TELEFONICA, the Spanish telecommunications monopoly, has clinched its purchase of Mr Alan Bond's stake in Compania de Teléfonos de Chile (CTC), revealing that it is paying US$388m for the embattled Australian entrepreneur's 43.72 per cent stake.

The purchase is Telefónica's biggest foreign investment ever. Mr Enrique Used, president of Telefónica Internacional, said yesterday the Telefónica subsidiary would *finance the purchase by raising* about $70m in capital and borrowing the rest.

A $220m Bond Corporation loan with the First National Bank of Chicago would be transferred to Telefónica and the rest of the purchase price would be borrowed from European banks, he said.

The purchase, which establishes Telefónica as a multinational PTT, was finalised last week. Telefónica has named a new chief executive at CTC, Chile's biggest domestic operator, which last year turned over nearly *$270m. Mr Used* said the purchase was made through a Dutch subsidiary of Telefónica Internacional.

Telefónica has also strengthened its position in Entel, Chile's main international telephone transmissions operator, by buying a further 10 per cent, bringing its stake to 20 per cent. Last summer, Telefónica and Banco Santander paid some $21m each for 10 per cent stakes in Entel, and Telefónica currently votes Santander's shares on the board.

Due to legal difficulties, the further 10 per cent bought for $23m last week carries no voting rights but Mr Used said Telefónica was looking for ways to change this and increase its stake in Entel to 40 per cent. Partly that could be done, he said, by buying the Banco Santander stake but other shareholders, particularly Chilean pension funds, would have to be persuaded to sell as well. The 10 per cent bought last week was owned by the military.

Defending investments in operating companies abroad, Mr Used said the Spanish monopoly was "very seriously studying" the possibility of bidding for a stake in the New Zealand PTT if it is privatised. He said Telefónica had already *found a bidding partner* but would not say who. Telefónica would also be "clearly interested" in PTT privatisations in Mexico and Puerto Rico and planned to submit a bid on April 27 for part of the Argentine telecoms monopoly.

Backing for Renault deal

By Robert Taylor in Stockholm

VOLVO'S co-operation *agreement with the French* state-owned motor group Renault looks likely to win the strong approval of the annual shareholders meeting in Gothenburg on April 25, it emerged yesterday.

A survey by the Small Investors Association among 1,000 of Volvo's smaller investors has found 65 per cent of them support the proposed deal, believing it will strengthen the Swedish car company's capacity to grow in new markets.

The majority of voting shares in the Swedish motor group are under the control of Mr Pehr Gyllenhammar, chief executive, and the Svenska *Handelsbanken group, so there* was little danger of a defeat. Small Volvo shareholders represent over a third of the votes.

In 1979 the association mobilised substantial and successful opposition to Volvo's proposed oil agreement with the Norwegian Government.

There have been misgivings about the Renault deal among larger institutional Volvo shareholders. Confidence that the Renault deal will win approval could be seen in yesterday's Volvo announcement that it plans reorganising sales companies as separate car, truck and bus groups in 1991.

Drug rivals increase firepower by mixing their staff

Hilary Barnes finds Denmark's merged pharmaceutical groups putting great value on their employees

When Denmark's two largest pharmaceuticals manufacturers, Novo and Nordisk Gentofte, merged last year, they did not seek to rationalise by cutting staff; instead they redeployed staff, in both the research and development and marketing operations, to generate more firepower.

"If we had said that all those staff who are not really needed can go, we could have achieved a three-digit improvement in our result," said Mr Henry Brennum, joint chief executive of Novo Nordisk.

"The short-term speculators would have loved it, but within five years we would have been dead," added Mr Mads Ovlisen, co-president.

So far the Brennum-Ovlisen strategy appears to have been a success, both in organisational and in financial terms.

However, the real benefits to the bottom line will take a year or two to emerge, the joint *presidents emphasise.*

Pre-tax earnings in the first year of joint operations were slightly better than forecast and better than the end-1988 budgeted figures of Novo and Nordisk Gentofte separately, said Mr Ovlisen.

The group has also stabilised the Novo Nordisk share of the world insulin market, which they regard as very important; there was an obvious risk that Novo Nordisk's rivals would benefit from the turbulence caused by the merger.

Pre-tax profits of DKr1.04bn ($160m) were 14 per cent of sales of DKr7.38bn, which is not up to the best Novo years, however, with the main benefits of the merger yet to come. Mr Ovlisen hopes ("I am not promising anything") that the margin will get back to between 16 per cent and 18 per cent before too long "if those damned currency rates behave."

A 6 per cent appreciation of the Danish krone against the currencies in which Novo Nordisk invoices in the first months of this year can have a significant adverse effect on 1990 earnings, the group pointed out in its preliminary statement.

The starting point for the merger was a good one. Everyone could see that it was logical for Denmark's two insulin producers, ranking second and third in the world market, to get together.

"It wasn't a question of people asking 'Why?' but exclaiming 'At last...'," said Mr Ovlisen.

Both firms were financially strong, and as it was a merger and not an acquisition, no money left the group. Nevertheless, getting the two organisations, which until January 12, 1989, were arch-rivals, to work together required a deft touch from Mads and Henry, as the joint presidents are familiarly known around the business.

Mads Ovlisen (left) and Henry Brennum: Strategy is a success

An important point for winning the backing of the staffs, said Mr Ovlisen, was that the initiative for the merger came from the managements and was not pressed on to the groups by the owners or other outsiders.

Mads and Henry had three points on which they were clear at the start.

- The reorganisation of the group must be carried out swiftly and without a loss of momentum ("If we made mistakes we would go back and correct them," said Mr Ovlisen).
- They had a clear idea of how the firm should be organised into bio-industrial and pharmaceuticals divisions.
- It was important that the existing organisations accepted responsibility for the merger ("The employees had to feel that this was their show, not Mads' and Henry's," said Mr Ovlisen).

The period between the announcement of the merger on January 12 last year and its formal approval on April 20 by shareholders was divided into a three-phase operation.

It started with an inventory phase, who was doing what, where and why, when everything was put on the table.

This was followed by decisions on the future overall structure of the group and the definition of its business idea.

All the managers were drawn into this process and a spate of newsletters let all employees know what had been decided and what was still being discussed.

At the same time those in line for divisional management appointments "were told to go home for a month and then to come back and tell us what the basic idea of the division was, *what were its goals and how it* was going to be made to work. This meant that we made sure that the organisation was theirs," said Mr Ovlisen.

Finally, there was a fine-tuning phase. The merger was approved on Thursday, April 20. On the following Monday a new firm, with a complete new organisation, was ready to open up shop — and did.

"We had a completely new business," as Mr Ovlisen put it.

The group was divisionalised and decentralised, with the group staff operation being slimmed down and responsibilities transferred to the divisional managers.

The group now consists of a health care group (diabetics care, biopharmaceuticals, pharmaceuticals, medical systems and international operations divisions) and a bioindustrial group (detergent enzymes, *enzyme processing,* wine and juice enzymes, biochemicals and international operations divisions).

Research staff in diabetics care who became superfluous to requirements were moved to other research divisions (one of Nordisk *Gentofte's* brightest insulin chemists is now heading enzymes research), including the 200-strong discovery group working on CNS (central nervous system) remedies.

While Mr Ovlisen does not admit to any serious mistakes in implementing the merger, he said there was a serious near-mistake.

He and Mr Brennum thought that Novo and Nordisk could compete in the insulin market, as Carlsberg and Tuborg do in beer.

"But we were quickly disabused of this idea by our marketing staff, who said it would be impossible to have marketing staff from the same group criticising each other's products."

The marketing staffs were therefore reorganised and merged, and increased by 15 per cent, "and now they can co-operate and not fight each other."

Thomson-CSF profits fall by 11% to FFr2.63bn

By William Dawkins

LOWER profits from financial operations and sluggish defence sales were the main *cause of an 11 per cent profits* decline reported yesterday by Thomson-CSF, the French state-controlled defence and electronics group.

Net consolidated profits fell to FFr2.63bn ($459m) last year, from FFr2.96bn in 1988, so putting *an end to an unbroken* five-year run of profits increases. Sales rose slightly from FFr33.52bn to FFr33.69bn, but net profit margins fell from the previous year's 8.8 per cent of turnover to 7.8 per cent.

The underlying sales growth was *8 per cent, adjusting for* the 1988 transfer of Thomson-CSF's general avionics activities to Sextant Avionique, a jointly held company with Aerospatiale.

Operating income rose by 24 per cent to FFr1.73bn, from FFr1.4bn, which reflects the cost savings of earlier restructuring programmes, said Thomson-CSF, which will be revealing its debt charges and fuller details of the results early next *month.*

However, the group's financial services division reported a fall in net income from FFr1.76bn to FFr1.2bn. Thomson-CSF agreed last October to cede majority control in its finance division — normally a valuable *profits contributor* — to Crédit Lyonnais, the state-owned bank.

Groupe Bull clears last hurdle in Zenith move

By William Dawkins in Paris

THE resolution of a row over the acquisition by France's Groupe Bull of the microcomputer *business of Zenith* Electronics of the US removes an uncertainty over an important step in Bull's efforts to put itself among the world's top five computer makers in the early 1990s.

Bull is to pay a total of $511.4m. The sale was provisionally announced last October at up to $635m depending on the value of Zenith's inventories.

The agreement between the French state-owned computer maker and Zenith came just a *day before today's deadline* set by both companies, after which they were to seek outside arbitration.

The takeover nearly doubles Bull's sales in the US and Canada *from 16 per cent* to 30 per cent of its total sales and lifts microcomputers from 7 per cent to 26 per cent of the French company's turnover. This gives it 17 per cent of the world market for lap-top machines and 5.7 per cent of world desk-top personal computer sales.

Both sides had produced very different valuations of Zenith's stock, because of their differing views of the seriousness of the fresh round of price undercutting to have hit the world *microcomputer* market since the takeover was agreed in outline last October.

Solvay modestly ahead but steps up dividend

By Lucy Kellaway in Brussels

SOLVAY, Belgium's biggest chemicals company, yesterday announced a modest 2 per cent increase in its earnings after extraordinary items for 1989, a year in which the group's traditional strength in alkalines re-asserted itself.

The relatively small advance — to BFr20.6bn ($588m) before extraordinary items — was set against the previous year in which the plastics division did exceptionally well. By contrast, in 1989 polyethelene margins were squeezed through both higher input costs and lower selling prices.

The alkalines division, which had been overtaken by plastics as the company's largest in 1988, last year returned to the fore, with caustic soda results up particularly strongly.

Mr Daniel Janssen, chairman, expressed confidence for the year ahead, which he said was reflected in the increase in the dividend of 14.6 per cent to BFr970 a share.

During the year net earnings after extraordinary items rose by 10.6 per cent to BFr16.7bn, on turnover that rose by just 1 per cent to BFr256.80bn.

In the coming year, Solvay plans to increase its investment and expenditure on R&D, which continues to grow as a per centage of its turnover. In 1989 the company spent BFr12bn on R&D, equivalent to 4.7 per cent of its sales.

SAFRA REPUBLIC HOLDINGS S.A.
LUXEMBOURG

NOTICE IS HEREBY GIVEN by the Board of Directors of the Company that the Annual General Meeting of Shareholders of SAFRA REPUBLIC HOLDINGS S.A. ("SRH") will be held at the Hôtel Royal, 12, Boulevard Royal, Luxembourg,

on May 9, 1990 at 11.00 a.m.

for the purpose of considering and voting on the following matters:

1. Chairman's Statement.
2. Statutory Auditors' Report.
3. Approval of the parent company only unconsolidated financial statements for the year ended December 31, 1989.
4. Discharge of the Directors and of the Statutory Auditors concerning their duties relative to the year ended December 31, 1989.
5. Approval of the proposed appropriation of US$ 2,000,000 to the legal reserve, distribution of a dividend of US$ 2.00 per common share and the carrying forward of the balance of the profit.
6. Election of the Board of Directors and of the Statutory Auditors for a new one year term. All the Directors are eligible and stand for re-election.
7. Election of Mr Jacques Tawil as a new member of the Board of Directors.
8. Approval of the 1989 Stock Option Plan and 1989 Stock Award Plan covering a cumulative total of 170,000 bearer shares.
9. Approval of the consolidated financial statements of the Company for the year ended December 31, 1989.
10. Miscellaneous and individual proposals.

The Board of Directors

NOTES:

Any shareholder whose shares are in bearer form and who wishes to attend the Annual General Meeting must produce a depositary receipt or present his share certificates to gain admission.

A shareholder wishing to be represented at the meeting must lodge a proxy, duly completed, together with a depositary receipt at the registered offices of SRH at 32, Boulevard Royal, Luxembourg, not later than May 7, 1990 at 5 p.m. The shareholder may obtain the depositary receipt and, if required, the form of proxy, from any of the banks listed below by lodging the share certificates at their offices or by arranging for the bank by whom his certificates are held to notify any of the banks listed that shares are so held.

Any shareholder whose shares are registered will receive a notice of the Annual General Meeting at his address on the register, together with a form of proxy for use at the meeting. The proxy should be lodged at SRH's offices in accordance with the above instructions.

The remittance of the form of proxy will not preclude shareholders from attending in person and voting at the meeting if they so desire.

All the resolutions covered by the Agenda may be passed by a simple majority of all shares represented at the meeting.

Shareholders may obtain copies of the documentation listed hereunder:

1. This notice
2. The 1989 Annual Report including the Chairman's Statement, the Statutory Auditors' Report, the consolidated and parent company only unconsolidated financial statements

at the Company's registered office and from any of the banks at the following addresses:

* Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zurich
* Union de Banques Suisses (Luxembourg) S.A., 36-38 Grand-Rue, 2011 Luxembourg
* Republic National Bank of New York, 30 Monument Street, London EC3R 8NB
* Republic National Bank of New York (Suisse) S.A., 2, place du Lac, 1204 Geneva
Republic National Bank of New York (Suisse) S.A., Via Canova 1, 6900 Lugano
Republic national Bank of New York (Suisse) S.A., Stockerstrasse 37, 8002 Zurich
* Republic National Bank of New York (Luxembourg) S.A., 32, Boulevard Royal, 2449 Luxembourg
Republic National Bank of New York (France) S.A., 20, place Vendôme, 75001 Paris
Republic National Bank of New York (France) S.A., 24, rue Feydeau, 75002 Paris
Republic National Bank of New York (France) S.A., 2, avenue Montaigne, 75008 Paris
Republic National Bank of New York (France) S.A., Sporting d'Hiver, 2, avenue Princesse Alice, 98006 Monte Carlo
Republic National Bank of New York (Guernsey) Ltd, Sarnia House, Le Truchot, St. Peter Port, Guernsey, Channel Islands
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* Paying Agent of Safra Republic Holdings S.A.

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Alfa-Laval: Profit up 34 %

The Alfa-Laval Group, a Sweden-based supplier of industrial, food processing and agricultural plants and equipment, notes a 34-percent profit increase to Sw. Cr. 1,412 million ($230 million) in 1989.

Ask for Alfa-Laval's 1989 Annual Report at Alfa-Laval's Headquarters in Stockholm, Sweden, or at nearest Alfa-Laval Group Company! The report also includes a comprehensive description of the Group.

ALFA-LAVAL
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Higher gold price boosts Anglovaal in March quarter

By Philip Gawith in Johannesburg

HIGHER rand prices for gold sales and tight control of costs allowed three of the Anglovaal group's four gold mines to increase profits in the March quarter.

The mines' total taxed profit rose to R63.2m (US$23.8m) compared with R54.4m. Milled throughput was up over the last quarter at the main Hartebeestfontein plant, Village and Eastern Transvaal Consolidated Mines (ETC), and was constant at Loraine. Hartebeestfontein, the group's largest mine, recorded decreased throughput at its low grade gold plant.

Grades at the mines remained fairly constant and total gold output was marginally down at 11.108kg, against 11.118kg. A good milling quarter together with the improved rand gold price, and an unchanged yield at 9.1 grammes per tonne, saw Hartebeestfontein's main plant increase profits to R117.86 a ton from R115.67.

The unchanged yield runs counter to analysts' predictions of a decline in grades as mining activity shifts towards the lower-grade north-western part of the property.

Lower throughput and increased unit costs in the mine's low-grade gold plant were offset by higher grades and the firmer gold price.

The combined after-tax profit of the mine and the low-grade plant increased to R50.87m from R41.23m.

ETC, which operates a number of small mines in the area, reported lower pre- and post-tax profits, owing largely to a lower yield resulting in reduced gold recovery.

Loraine mine in the Free State managed to contain costs well and hence to report a working profit of R2.12 per ton, compared with a loss of R0.51 a ton previously, in spite of unchanged throughput and a slightly lower yield. After-tax profit increased to R3.96m from R1.7m previously.

Pioneer third Australian brick maker

By Bruce Jacques in Sydney

PIONEER, the diversified Australian building products group, has become the "third force" in the country's brick market with the A$290m (US$222m) purchase of Brick and Pipe Industries, based in Melbourne.

Pioneer made the purchase from the Receiver of the failed empire of Mr Abe Goldberg, the Melbourne businessman, and will join CSR and Boral at the top of the Australian brick market.

The deal has begun to resolve an extraordinary period in the Australian building industry when about a third of the country's brick capacity was on the market.

Brick and Pipe accounts for about 20 per cent of the national market, while at least another 15 per cent is controlled by the Perth based Midland Brick group, which has just been put out to international tender with a reported price tag of about A$200m.

Sir Tristan Antico, chairman of Pioneer, said yesterday that the Brick and Pipe purchase culminated a three-year campaign to become a dominant force in house building products. The deal appears to be at a "fire sale" price, because Mr Goldberg bought Brick and Pipe in 1989 for A$388m.

Sir Tristan said about A$100m of the purchase price would be applied to wipe out Brick and Pipe's debt. The deal would be mainly funded with proceeds from the company's recent A$240m sale of its mineral sands offshoot.

Pioneer is planning further sales of its mineral assets, which include the Nabarlek uranium operation. Analysts estimate that such sales could raise a further A$400m-A$500m.

Sir Tristan said the Brick and Pipe deal would be complemented late next year, when the company plans to launch a plasterboard joint venture with Lafarge Coppée, of France.

"Despite the occasional cyclical nature of the Australian housing market, the long-term growth potential is enormous," he added.

Sir Tristan also announced that Pioneer plans to raise US$200m through a private placement of perpetual preferred stock in US capital markets.

He said it would be the first such issue by an Australian company, and funds raised would be applied to reducing the US-denominated debt.

Rand Mines result hit by poor output grades at ERPM

By Philip Gawith

CREDITABLE results from three of the four mines in the Rand Mines group are spoilt by ERPM which posted a R20m (US$7.6m) loss in the March quarter.

Harmony, Blyvooruitzicht and Durban Deep between them earned after-tax profits of R31m, up from R24m in the December quarter. However, ERPM's results caused the group after-tax performance to slip to R10.9m from R17.1m

ERPM was hit by the combined effect of low gold output and unexpectedly poor grades in its underground mines, down from 3.64 to 3.19 grammes per tonne (g/t). Tonnage was also lower at 413,000 against 430,000, as a result of which gold production dropped from 1,566kg to 1,318kg. Costs per ton jumped to R150.40 from R134.05 – well above revenue per ton of R107.19 against R119.38.

After taking sundry revenue into account, the net loss for the quarter was R20.2m compared with R7m previously. The mine will require additional funding to maintain it as a going concern, as it has drawn R297m of the R300m available to it in loan facilities.

Analysts point out that with the mine's net debt in excess of R400m and recovery grade far below what is required to recoup costs, something fundamental will be required to avoid liquidation.

More heartening was the performance of Blyvooruitzicht, which showed a fivefold increase in bottom-line profits from R2.1m to R11.4m. Improved tonnage and grade – 4.01 g/t against 3.93 g/t – led to an increase in gold production. Unit costs were R115.87 per ton against R125.32 per ton. Profit margin showed an impressive increase to R5,000 from R1,200 per ton.

Durban Deep, the other marginal mine in the group's stable, also put on an improved performance with bottom-line profit up at R2.5m from R1m. The group's financial position is also improved thanks to a property transaction which realised R18.7m. This allowed the mine to reduce borrowings from R28.6m to R5.2m at the end of the March quarter.

Harmony, the group's largest mine, had a steady quarter with both tonnage and revenue unchanged against December. However, a rise in unit costs and an increased tax bill saw after-tax profit down to R17.2m

Australian Alcoa ahead

By Bruce Jacques

ALCOA OF Australia, the integrated aluminium group, has continued its run of strong financial results with a solid profit rise for the March quarter of 1990.

The company raised net profits almost 10 per cent from A$167.5m (US$128m) to A$184.1m, following a 9 per cent sales increase to A$716.5m.

Late in March, Alcoa underscored its position as a cash cow for its two shareholders – Aluminium Company of America (Alcoa) and Western Mining Corporation, the Australian group – by announcing a $A300m dividend. For the full year, dividend was $A400m.

Alcoa Australia's return on shareholders' funds for the latest quarter was an extraordinary 43.1 per cent and an annualised return of 24.3 per cent on total assets.

Directors said the latest result was achieved in spite of lower aluminium prices, but reflected higher alumina shipments, increased gold production and a lower Australian dollar exchange rate.

The company's interest bill rose from A$11m to A$13.4m.

Control Data chief to quit

By Louise Kehoe in San Francisco

MR ROBERT PRICE, chairman of Control Data, will not stand for re-election at the company's stockholder meeting in May, the company has stated. Mr Price's decision follows his resignation as chief executive in January amid criticism of the company's management.

Before his resignation as chief executive, Mr Price acknowledged he was "rightfully the focal point of criticism." He was replaced as chief executive by Mr Lawrence Perlman, who is credited with having restructured the company to stem losses.

"It is clear that, under current circumstances, my decision to withdraw from active management at this time is best for the company," Mr Price said yesterday.

Mr Price will not be replaced on the company's board, and no new chairman will now be named, the company stated.

In the past year, Control Data has shed several marginally profitable operations. They cost the company $663.3m in charges. The company recorded a net loss of $680.4m in the year, or $16.11 a share, on revenue of $2.93bn.

JCI continues trend back to higher profitability

By Philip Gawith

A BUOYANT rand-denominated gold price and increased recovery grades led to improved performances in the March quarter by Randfontein and Western Areas, the two operating gold mines managed by Johannesburg Consolidated Investment (JCI).

The trend back to profitability at Western Areas continued with net profit after tax increasing to R1.7m ($642,000) from R400,000. This was achieved in spite of an increase of 8.8 per cent in working costs per ton milled, a marginal decrease in underground ore milled and the cessation of surface mining production.

The main countervailing factor was an improvement in the grade milled to 4.48 grammes per ton (g/t) 4.38 g/t.

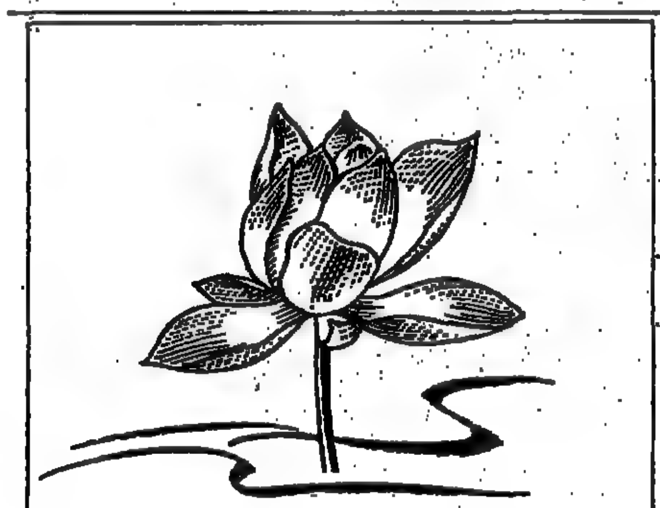
According to Mr Bill Nairn, a director, capital expenditure is well under control and will end up considerably below the R25m mentioned in the last annual report. However, capital expenditure still exceeds the mine's earnings.

At the larger Randfontein mine slightly more ore was milled than in the previous quarter.

This was made up of an increase in tonnage mined from surface sources. Throughput from underground shafts was slightly lower than in the previous quarter, owing to reduced availability. It was this decline which allowed increased throughput from surface sources. The result of this shift in the composition of production is a 4.7 per cent decline in yield.

Overall production costs fell as a result of a decline in surface costs and a small rise in underground costs.

Capital expenditure, at R18.4m was considerably down from the previous quarter's R29.2m, and the directors said this level of expenditure would be maintained for the balance of the year.



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Issue of up to
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Floating Rate Notes 2000

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(Incorporated in England under the Building Societies Act 1874)

of which £150,000,000 is being issued as the Initial Tranche
Issue Price of the Initial Tranche: 100 per cent.

In accordance with the provisions of the Notes, notice is hereby given, that for the Interest Period from April 17, 1990 to July 17, 1990 the Notes will carry an Interest Rate of 15$\frac{5}{16}$% per annum. The interest payable on the relevant payment date, July 17, 1990 against Coupon No. 18 will be £381.76.

By: The Chase Manhattan Bank, N.A.
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CHASE

April 18, 1990

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U.S. $100,000,000

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For the six month period 17th April, 1990 to 17th October, 1990 the Notes will carry an interest rate of 8.675% per annum with a coupon amount of U.S. $440.98 per U.S. $10,000 Note payable on 17th October, 1990.

Listed on the Luxembourg Stock Exchange

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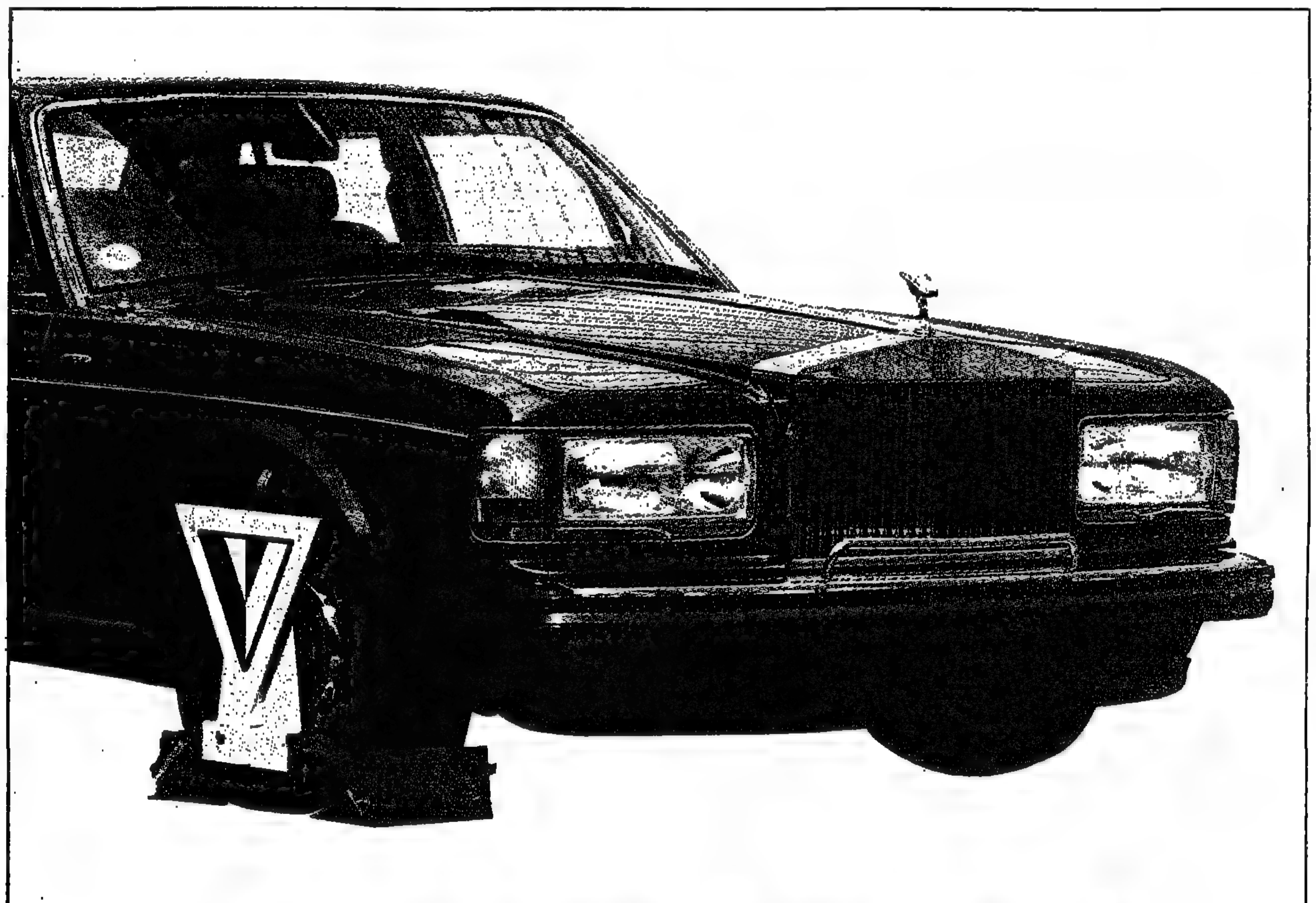

The company car?

Much has been said of IEP's proposal for the demerger of Rolls-Royce Motors. In reality the issue is simple.

With Rolls-Royce Motors under the Vickers' umbrella, your shares sell at a discount to their underlying worth. The present structure obscures the unique value of Rolls-Royce Motors.

The world's most prestigious car manufacturer is trading at barely 8 times earnings, rather than commanding a likely rating in excess of 12 times as a separate listed company.

As individual entities, both Vickers and Rolls-Royce Motors would be more focused and better placed for future performance.

IEP estimates that your new combined shareholding in Vickers and Rolls-Royce Motors would have a value of £2.55, representing a thirty per cent increase* for all existing shareholders.

IEP's proposal merely asks your Board to formulate plans for a demerger. This is not a sale or a break-up.

Beneficial ownership will remain with you – the existing Vickers' shareholders.

INCREASE SHAREHOLDER VALUE. DEMERGE ROLLS-ROYCE MOTORS.

*BASED ON VICKERS' SHARE PRICE PRIOR TO THE ANNOUNCEMENT OF IEP'S PROPOSALS ON 8 MARCH 1990.

INTERNATIONAL COMPANIES AND FINANCE

Pirelli Tyre declares Fl 2 a share dividend

By Haig Simonian in Amsterdam

PIRELLI TYRE HOLDING (PTH), the Dutch-based holding company for the tyre activities of Italy's Pirelli group, raised net profits by 7.9 per cent to Fl 206m ($109m) last year following a 12.6 per cent rise in sales to Fl 6.67bn.

Adjusted for the main 1988 purchase of Armstrong Tire, the US tyres group, sales rose by 6 per cent last year, said Mr Ludovico Grandi, chairman. The company is paying a dividend of Fl 2 a share.

PTH, which was floated on the Amsterdam stock exchange last July, said 1989 profits had fallen below expectations owing to difficult trading conditions in the second half of last year.

In particular, the mild European winter had held back sales and earnings in the last quarter, the company said.

Prospects for 1990 remained fair, according to Mr Grandi, despite increasingly fierce price competition in the original equipment market. Pirelli, which is forecasting a rise of about 1 per cent in overall tyre consumption this year, expects to benefit again from its strength in premium priced tyres, which has partially protected it from the difficulties faced by other manufacturers.

As a result, Pirelli car sales should rise by more than 5 per cent this year, while profits should maintain their present level, according to Mr Giuseppe Ferrari, the finance director.

However, much depends on price levels, while earnings will also be affected by interest costs, which jumped Fl 113m last year from Fl 55m in 1988, despite the Fl 569m proceeds from the share float.

The jump stems from the fact that average debt in 1989 *exceeded that of the previous* year, largely on account of the Armstrong purchase and PTH's current $1bn four-year investment plan.

Although group debt should fall this year, interest payments are likely to remain at *around last year's level on* account of higher interest rates.

Buoyant General Electric climbs 12% to $950m

By Janet Bush in New York

GENERAL Electric, the leading US industrial and services conglomerate, yesterday reported a healthy rise in net income in the first three months of this year and said strong incoming orders suggested that 1990 would be another "excellent year."

The company achieved net earnings of $950m in the first quarter, compared with $849m a year earlier, a jump of 12 per cent.

Earnings per share increased by 13 per cent – reflecting the first effects of General Electric's $10bn share buy-back programme – to $1.06 a share from 94 cents in the first quarter of 1989. Consolidated revenues were $12.6bn, up 6 per cent from $11.9bn in the year-ago quarter.

Mr John Welch, chairman, said the double-digit increases in earnings reflected solid improvements in the company's operating margins because of higher productivity.

He said the first quarter saw substantial strength in bookings for longer-cycle businesses.

New orders for Power Generation were up 60 per cent, compared with the first quarter of 1989, and Medical Systems equipment orders went ahead 25 per cent.

Aircraft Engines had a backlog, including options, of around $35bn following large new orders from *Lufthansa* of West Germany and the Soviet Union's Aeroflot.

Also encouraging was the fact that short-cycle orders, which were relatively flat in the quarter, turned higher in March.

Particularly strong contributions were made by GE Financial Services which achieved a 28 per cent rise in net earnings, largely due to a healthy performance by GE Capital Corp, and by Power Systems which saw significant sales increases.

Aircraft Engines was another strong segment with a sharp rise in operating profits, reflecting improved margins on relatively flat sales.

Among the weaker divisions was Materials which saw its operating profit *down considerably*, because of a soft housing market and therefore lower demand for appliances, and poor demand for cars.

Low plastics prices hit Nova

By Bernard Simon in Toronto

NOVA Corporation of Alberta unveiled a sharp fall in first-quarter earnings after being hit by low petrochemical and plastics prices.

The debt-burdened Canadian petrochemicals, pipeline and energy group's net income slid to C$32m (US$27.4m) after preferred share payments or 11 cents a share, from C$124m or 48 cents a year earlier. Revenues slipped from C$1.3bn to C$1.2bn.

The number of shares outstanding rose from 245m to 299m as a result of a rights offering late last year.

Operating income from petrochemicals, plastics and rubber tumbled to C$88m from C$243m. The company also blamed the strong Canadian dollar and a temporary interruption of feedstock supplies for polystyrene.

Pipeline income rose to C$75m from C$69m, thanks to expansion of the company's pipeline system, which collects almost all the natural gas delivered to Alberta border points for transmission to other parts of North America.

As part of efforts to lighten its C$3.7bn debt load, Nova has said it would consider bids for its rubber division, one of the world's three biggest makers of synthetic rubber. Analysts estimate this business could fetch between C$800m and C$1bn.

The company has put up for sale several smaller assets, which contributed C$50m to revenues and C$13m to operating income in the first quarter of 1989.

These businesses were deconsolidated at the end of last year. Nova is also taking a close look at its 43 per cent interest in Husky Oil, an energy and sulphur producer, whose controlling shareholder is the Hong Kong magnate Mr Li Ka-shing.

Campeau told to repay C$26.7m loan

By Bernard Simon in Toronto

AN ONTARIO court has ordered Mr Robert Campeau, the beleaguered Canadian real estate and retailing magnate, to repay C$26.7m (US$22.9m) to Bank of Montreal for a personal loan on which he is in default.

The judgment is the latest in a series of steps by creditors against Mr Campeau, whose personal finances appear to be stretched by the difficulties of the debt-laden US retailing interests owned by his holding company, Campeau Corporation.

Campeau Corporation's two subsidiaries, Federated Department Stores and Allied Stores, filed for protection from creditors under US bankruptcy laws last January.

If Mr Campeau fails to repay Bank of Montreal, the bank has the right to seize 425,000 Campeau Corp common shares and C$17m of debentures that were pledged *as collateral for* the loan. The shares represent slightly less than 1 per cent of the total outstanding.

Mr Campeau borrowed the money in late 1987 to help pay for share purchases. Campeau Corporation's share price has *subsequently plummeted* from C$30 to a record low of C$1.28 this week.

United Telecom to buy GTE's Sprint stake

By Karen Zagor in New York

UNITED Telecommunications, the US telecommunications group, is to buy GTE's 19.9 per cent stake in long distance carrier US Sprint for about $500m. United Telecom already owns the remainder of Sprint.

Mr William Esrey, United Telecom chairman, told the annual meeting he intended to notify GTE by the end of May that United Telecom was exercising an option to buy GTE's limited partnership interest in Sprint.

GTE, the biggest US telecommunications group outside the Bell system, yesterday reported record first-quarter sales and earnings, thanks to strong contributions from its core telephone operations.

Net profits for first three months of 1990 advanced 8 per cent to $355m or $1.05 a share from $329m or 97 cents a year earlier.

Revenues grew 9 per cent to $4.5bn from $4.1bn the previous year.

The Stamford, Connecticut-based company said revenues from telephone operations rose 5 per cent to $3.2bn, while operating income increased 4 per cent to $720m.

It said the improvements came in spite of a voluntary $101m annual rates reduction which, with a similar reduction in April 1989, reduced the 1990 first-quarter revenues and operating income by about $50m.

Positive factors such as growth in the number of telephone lines, and an 11 per cent rise in network usage contributed to the growth.

The company is in the middle of reorganisation programme which is expected to produce annual savings of about $1bn by the mid-1990s. The reorganisation will result *in about 14,000 job cuts.*

Mr James Johnson, chairman and chief executive, said the reorganisation would "continue to improve customer services as well as substantially reduce costs and increase our competitiveness."

Revenues from telecommunications products and services jumped 37 per cent to $798m, largely due to higher sales of government communications systems, cellular-mobile telephone services and directory advertising.

Operating earnings rose to $37m from $10m in the latest quarter. Excluding a loss provision in the 1989 quarter, operating earnings advanced 30 per cent in the latest three months.

Warner-Lambert reveals strong first quarter

By Karen Zagor in New York

WARNER-LAMBERT, the US pharmaceuticals and non-prescription health products group yesterday reported strong first-quarter results, with all the company's business segments contributing to the growth.

Net income for the three months to end-March grew 10 per cent to $120.3m or $1.79 a share, from $101.1m or $1.49 a year earlier. Revenues rose to $1.1bn from $1.02bn.

Mr Joseph Williams, chairman and chief executive, said: "This outstanding first-quarter performance strengthens our confidence that we will meet our announced objective to increase earnings per share by at least 16 per cent during 1990."

Worldwide sales of the company's ethical pharmaceuticals products rose 10 per cent to $359m and sales worldwide of non-prescription health care products advanced 4 per cent to $355m.

Confection sales rose 9 per cent and sales of Warner-Lambert's other products grew 12 per cent to $137m.

Warner-Lambert unveiled its potentially most lucrative product – Novon, a biodegradable material similar to plastic which is based mainly on chemically modified starch. The first operating pilot plant will be based near Basel, Switzerland.

American Home Products, another leading manufacturer of prescription and ethical drugs, posted record first-quarter sales and earnings yesterday. The company said net income advanced 12 per cent to $314.5m or $2.01 a share on *sales up 4 per cent* at $1.81bn.

It said net income in the latest quarter benefited from a lower effective tax rate, related to the acquisition of A.H. Robins, the controversial manufacturer of the Dalkon Shield intra-uterine contraceptive. AHP brought A.H. Robins out of bankruptcy at the end of last year.

The company said previous years' results had been restated for the merger with A.H. Robins on a pooling-of-interests basis.

Net sales from the health care products segment rose 3 per cent while food and household products saw sales advance 8 per cent.

PaineWebber soars 17%

By Janet Bush

PAINEWEBBER, the Wall Street securities house, yesterday reported a 17 per cent jump in first-quarter net earnings despite a weak period for investment banking and risk arbitrage trading losses.

Net earnings were $10.8m, against $9.2m a year ago. Earnings per share, after deducting preferred stock dividends, were 20 cents, against 11 cents. Revenues, including net interest, were $426.1m, up 7 per cent.

Mr Donald Marron, chairman, said the operating performance of its leading businesses had improved, notably retail sales, institutional equity, fixed income, asset management and international business. He reported an increase in the amount of retail customer assets held at PaineWebber to more than $67.1bn at the end of March, against $54bn.

The company did not disclose how large the trading losses were from risk arbitrage activity.

Reviving a sports legend

Bernard Simon looks at the fortunes of Maple Leaf

Whenever Mr Harold Ballard was taken ill in the past few years, the shares of Maple Leaf Gardens, the Toronto company controlled by the crusty diabetic with a hearty appetite for Mars bars, would bounce up a couple of dollars.

It therefore came as something of a surprise when Maple Leaf shares dropped on the Toronto stock exchange last week following the death of one of the most colourful but least-loved characters in the Canadian sports and business world.

Investors who drove up the share price banked on the fact that whoever succeeds Mr Ballard would do a better job in realising the full value of the company's two main assets – the Maple Leafs ice hockey team and its home arena, *Maple Leaf Gardens.*

But Mr Ballard's death, at the age of 86, is also expected to fuel some of the rivalries which brought large doses of tragedy, comedy and farce to his life.

The company's future will probably be in limbo for some time as his three children and a live-in companion, 30 years his junior, sort out who is to get what from his estate.

The hockey team and the Gardens building are North American sports legends, but both have been sadly neglected under Mr Ballard's *erratic* rule.

Mr Ira Katzin, analyst at Toronto securities firm Merit Investment, estimates the company's assets are worth some C$200m (US$171m), compared with the current market valuation of around C$162m.

The Maple Leafs team, once considered among the finest on ice, has not won the Stanley Cup (the North American ice hockey championship) since 1967. The past few years have been marked by its poor standings in the league, low morale *among the players* and by managers and coaches who promised great things but were fired in quick succession by Mr Ballard.

Maple Leaf Gardens, a hunk of a building which seats up to 17,000 people, is a prime piece of real estate in Toronto's main commercial and financial corridor. But like the team, the building badly needs a facelift.

Often pictured in the past few years angrily waving his walking stick, Mr Ballard gained a reputation for extreme bluntness matched by *few other chief executives of* public companies.

Explaining a decision in the 1960s to replace a picture of the Queen in Maple Leaf Gardens with extra seats, Mr Ballard said: "If people want to see a picture of the Queen, they can *go to an art gallery.*"

Conditions at the Gardens started to improve even before Mr Ballard died. After a court declared him mentally incompetent two months ago, a new management team immediately raised workers' salaries *by more than 50 per cent.*

It will take a little longer to revive the hockey team's fortunes. The day after Mr Ballard's death, the Leafs were once again knocked out of the first round of the Stanley Cup.

New issue
April 1990

This announcement appears as a matter of record only.

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Frankfurt am Main, Federal Republic of Germany

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Listing:	Frankfurt am Main, Luxembourg

Deutsche Bank Aktiengesellschaft

Paribas Capital Markets Group

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Hessische Landesbank – Girozentrale –
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Alcoa earnings slide

ALUMINUM Company of America (Alcoa), the world's largest aluminium producer and a business whose performance is widely considered a gauge of the state of America's industrial economy, yesterday reported sharply lower income for the first quarter, writes Karen Zagor.

Wall Street had expected the Pennsylvania-based company to post lower earnings, and shares in Alcoa gained $1¼ to $64⅞ on the New York Stock Exchange yesterday.

This was in marked contrast to the company's fourth-quarter results, which stunned Wall Street when they fell 24 per cent.

For the three months ended March 31, Alcoa saw net profits fall to $148.6m or $1.69 a share, down 45.8 per cent from $276m or $3.12 a year earlier.

Sales were essentially flat at $2.64bn, against $2.62bn in 1989.

Mr Paul O'Neill, chairman, attributed the fall in earnings to the unstable economic climate in Brazil, reduced activity for fabricated products and a shift in product mix towards more ingot sales.

Earnings were also hurt by lower prices for ingot and some fabricated aluminium products.

Mr O'Neill said that the strong measures being taken to curb rampant inflation in Brazil were in the long-term interest of Brazil and Alcoa. "The deterioration in the economy that began in the third quarter of last year seems to have stopped in the first two months of 1990," he said.

Aluminium shipments increased 4 per cent to 634,000 tonnes in the latest first quarter.

Rockwell sales reduced

By Louise Kehoe in San Francisco

ROCKWELL International, the electronics, aerospace and defence manufacturer, reported an increase in operating income for the second quarter on slightly reduced sales. Income was slightly above expectations.

Net income for the quarter was $173.4m, or 70 cents per share, compared with a net of $270.7m or $1.05 per share in the same quarter last year when the company recorded a gain of $104m from the sale of its Measurement and Flow Control division.

Sales for the quarter were $3.15bn, down from $3.16bn in the second quarter last year.

For the six-month period, net income was $319.2m, or $1.29 per share, compared with $430.7m or $1.67 per share in the first half of last year. Sales for the six-month period were up slightly at $6.04bn.

Rockwell said the results demonstrated strength in its electronics businesses. Sales in the electronics sector rose 5 per cent. Mr Donald Beall, Rockwell chairman and chief executive, said the company expected modest earnings per share improvement this year.

CALLING OF THE ANNUAL GENERAL SHAREHOLDERS MEETING

The shareholders of Credito Italiano are called to attend the Annual General Shareholders Meeting to be held on April 26. 1990 at 3.00 p.m. in the Bank's registered office in Genoa, in Piazza De Ferrari (the entrance is in Via Dante 1). If necessary a second sitting will be held on May 24, 1990 at the same address and at the same time, to discuss and debate upon the following

Agenda

1) The reports submitted by the Board of Directors and by the Statutory Auditors. The Balance Sheet as at December 31, 1989 will be presented and the relative resolutions made.
2) Appointment of the Board of Directors after having resolved upon its number.
3) The emoluments due as per Article No. 29 of the company's Articles of Association.

All shareholders who possess ordinary shares which have voting rights may attend the meeting, providing that they are listed in the Shareholders Register, and that they have deposited their shares with any Credito Italiano branch or with Monte Titoli S.p.A., at least five days before the date scheduled for the Annual General Meeting.

THE BOARD OF DIRECTORS

Credito Italiano
A JOINT STOCK COMPANY
REGISTERED OFFICE: GENOA · HEAD OFFICE: MILAN

The Commissioners of The State Bank of Victoria

(a corporation constituted under the State Bank Act 1958 of the State of Victoria, Australia)

U.S. $125,000,000

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For the six months 17th April, 1990 to 17th October, 1990 the Notes will carry an interest rate of 8⅞% per annum with an interest amount of U.S. $441.61 per U.S. $10,000 Note and U.S. $11,040.36 per U.S. $250,000 Note. The relevant interest payment date will be 17th October, 1990.

Listed on the London Stock Exchange

Bankers Trust Company, London — Agent Bank

SWEDEN

The Financial Times proposes to publish this survey on:

4th July 1990

For a full editorial synopsis and advertisement details, please contact:

Chris Schaanning or Gillian King on 01-873 3000

or write to him at: Number One Southwark Bridge London SE1 9HL

INTERNATIONAL COMPANIES AND FINANCE

Treasuries retreat after barrage of negative data

By Janet Bush in New York and Deborah Hargreaves in London

A BARRAGE of negative economic news hit the US Treasury bond market yesterday morning, pushing prices of long-dated issues down by more than a full point.

At midsession, the Treasury's benchmark long bond was quoted 1⅛ point lower to yield 8.74 per cent, the highest so far this year. Even short-dated maturities were as much as ¾ point lower. The 40-year Resolution Funding Corp bonds issued recently were quoted a full point lower to yield 9.04 per cent.

GOVERNMENT BONDS

The first shock to the market was news that consumer prices rose 0.5 per cent in March and, excluding food and energy, by 0.7 per cent. The Consumer Prices Index without food and energy is regarded as a close proxy for underlying inflation and was much higher than the market was anticipating. This year the CPI has risen at an 8.5 per cent annual rate, the largest first-quarter increase since 1981.

The CPI figures were followed by stronger than expected figures for March industrial production, which showed a gain of 0.7 per cent, around double what the market had been expecting. On top of that, capacity utilisation jumped 0.4 per cent to 83.3 per cent in March.

The message of these figures, which overshadowed a report that housing starts fell 9.3 per cent in March, is that the US has an inflation problem.

■ THE LONDON gilts market suffered a bout of the post-holiday blues yesterday when prices tumbled by almost a point on the back of a depressed US Treasury market.

Traders returned to their desks in pessimistic mood and a poor performance by Wall Street was enough to tip the market into a downward spin. Sterling did little to boost confidence and the thin bond market remained cautious.

The benchmark 11¾ per cent 2003/07 gilt dropped to around 96½ by the close of business yesterday, which marked a loss of about ¾ of a point – down to its lowest for several weeks.

■ WEST GERMAN bond prices traded quietly after the Easter break. The 7¾ per cent benchmark 2000 bond was marked down at the fixing to 94.05 from 94.27 with a yield of 8.66 per cent, after a previous level of 8.63 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	91-18	-09/32	13.52	13.35	13.33
		10.500	5/99	88-09	-19/32	12.72	12.46	12.22
		9.000	10/08	80-00	-26/32	11.65	11.44	11.15
US TREASURY *		8.500	02/00	98-08	-19/32	8.77	8.60	8.60
		8.500	02/20	97-16	-34/32	8.73	8.56	8.55
JAPAN	No 119	4.800	6/99	85.6927	-0.577	7.42	7.26	7.11
	No 2	5.700	3/07	88.5550	+0.004	7.20	7.24	6.94
GERMANY		7.750	02/00	93.9000	-0.350	8.68	8.70	8.67
FRANCE	BTAN	9.000	02/95	95.9058	-0.247	10.09	10.03	10.53
	OAT	8.500	03/00	93.0200	-0.120	9.61	9.67	9.90
CANADA *		9.750	05/00	88.6500	-1.450	11.70	11.59	10.97
NETHERLANDS		7.750	01/00	92.1700	-0.260	8.97	9.01	8.94
AUSTRALIA		12.000	7/99	92.7214	-0.143	13.38	13.46	13.40

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

S&P gives DnB its lowest debt rating

ASSET QUALITY problems have prompted Standard & Poor's Corporation, the US-based credit-rating agency, to assign its lowest investment grade debt rating to Den norske Bank (DnB), writes Karen Fossli in Oslo.

DnB, Norway's largest bank, officially came into being yesterday following the merger of Bergen Bank and Den norske Creditbank (DnC). S&P has assigned an A-3 rating to DnB's $500m Eurocommercial paper programme and to DnB US Finance's $1bn US commercial paper programme.

The asset quality difficulties may linger in the medium term. It is thought they will depress earnings capacity while prolonging the time needed to bolster core capital.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 17

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 8⅛ 96	750	95½	96	-0⅛	-0⅛	9.50
Alberta 9⅞ 95	600	99⅞	100	-0⅛	-0⅛	9.38
Austria 9⅝ 93	140	100⅜	101¼	-0⅛	-0⅛	9.21
B.F.C.E. 8⅞ 94	175	†96¼	96⅝	-0⅛	-0⅛	9.41
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6¼ 91	80	98⅞	99	0	-0⅛	0.08
Canada 5⅝ 93	80	95	95¼	-0⅛	-0⅛	7.34
Cr.Local France 6¼ 94	300	94⅞	95¼	-0⅛	-0⅛	6.70
Denmark 6¼ 95	300	94⅞	95¼	-0⅛	-0⅛	6.70
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†83¾	84½	0	+0⅛	8.34
Asfinag 5 03	100	†80	81	+0⅛	-0¼	7.34
B.F.C.E. 4½ 98	[illegible]	[illegible]	84	0	+0⅛	7.18
B.M.W.Fin.Neth. 5 13	150	†71½	72	-0⅛	-2	7.64
Britannia B/S. 4¼ 94	100	†85½	86	-0½	0	8.46
CIR. Int. W/W 3 93	125	†84	84¾	+0¼	0	8.81
Credit Lyonnais 4¾ 00	100	†79	80	+0¼	+0¾	7.74
E.I.B 4⅝ 98	150	†81½	82	0	-0⅝	7.71
Finn. Exp. Cd. 8⅛ 92	75	†97	97¼	+0⅜	-0¾	9.57
Fletcher Chall. 4⅞ 98	150	†75½	76	-0⅛	+0⅛	9.31
I.A.D.B. 6 2004	200	†85½	87	-2¼	-1¾	7.60
Kobe City 4⅝ 98	150	†82	82½	0	0	7.60
Leeds Perm. B/S. 4⅛ 93	200	†87½	87¾	0	-0⅛	9.02
Malaysia 5⅛ 98	100	†81	82	-2⅛	-3⅛	8.45
Maxwell Comm.Crp. 5 95	150	†81	82	0	-0¼	9.71
Nat. Bk. Hungary 5½ 94	75	†83	84	-0⅛	+0¼	10.08
Nationwide Ang.B/S. 4 93	[illegible]	[illegible]	87¼	-0⅛	-0¾	8.88
Prov. Newfoundland 5 03	150	†80	80½	+0⅝	+1¼	7.33
Thailand 4⅝ 95	200	*†87	87	0	+1	7.73
World Bank 5 03	150	†81½	83	-0⅛	+0½	7.10

Average price change... On day -0¼ on week -0¼

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Ladbroke Grp. 5¼ 04 £	6/89	3.55	96½	97½	0	19.15
Land Secs. 6¼ 02 £	6/87	6.72	81	82	0	10.42
Minolta Camera 2¼ 94DM	2/86	1004.	94¾	95⅞	-0⅜	20.32
MCA Inc 5½ 02 US	9/87	69.62	92	93	+0⅞	19.27
Mitsubishi Bk. 3½ 04US	5/89	3266.	68	69	-2⅛	18.27
Next Plc 5¾ 03 £	11/87	4.3	96⅛	97⅞	[illegible]	[illegible]
[illegible]	7/89	28.	102¼	103¼	+0⅛	23.05
[illegible]	*4/87	1318.	228½	228½	0	12.19
[illegible]	1/88	3.5	[illegible]	110⅛	-0¼	0.23
[illegible]	1/87	5.4	99¼	100⅜	0	-1.75
[illegible]	†10/89	4.41	65	66	-1	146.88
[illegible]	10/87	2767.	69⅞	71⅜	-1	1.82
[illegible]	2/89	3997.	63⅛	64⅛	-1	28.85
[illegible]	[illegible]	[illegible]	75⅞	76⅞	+0¼	67.67
[illegible]	†10/89	8.77	132	133	+0¼	236.63
W.R. Grace 6¼ 02 US	9/87	42.12	86⅛	87⅛	-0⅛	27.29

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Wasserstein Perella to open office in Paris

By Stephen Fidler, Euromarkets Correspondent

WASSERSTEIN Perella, the US mergers and acquisition specialist formed in 1988, intends to expand its European operations by opening an office in Paris in the next three months.

According to Mr Stephen Oxman, the firm's deputy chairman, the move reflects its increasing interest in European business. The group opened a London office soon after its inception, now staffed by more than 20 professionals, a figure likely to expand to 30 by the year end, he said. The New York-based group also has offices in Tokyo, Chicago, Houston and Los Angeles.

Yesterday, WP and Banque Paribas announced they were joining forces to form a fund of at least Ecu300m ($250m) to make mezzanine loans for friendly acquisitions and corporate restructurings in Europe. This is the largest fund of its type. It is expected to be the prime vehicle for the groups' investment in European mezzanine debt. Mezzanine loans are so-called because they form a slice of finance more risky than the senior loans provided by banks, but less risky than equity.

Commerzbank of West Germany and Amsterdam-Rotterdam Bank of the Netherlands have also committed money to the fund. However, the participants were unwilling yesterday to disclose the shares of the various participants.

Mr Oxman said that further discussions were under way with other investors, including institutions in North America, Japan, Spain and Italy. If these institutions join the fund – discussions are expected to be completed over the next few months when there is expected to be a second closing – its size will be further expanded. He said there was no question of the four existing investors scaling down their commitment.

Discussions began between WP and Paribas in the first half of last year. The fund is expected to be fully invested in two to three years. Marketing it to other institutions began last October.

Indonesian fund sales completed

By Deborah Hargreaves

DAIWA has completed sales of a $30m Indonesian equity fund that marks the latest wave of investor interest in the country. The Indonesian equity fund is a general investment fund looking at the new issue market and the private sector.

The new fund is part of a bid to build a strong range of Asian investment products targeted at Japanese and Middle Eastern investors. The firm plans to launch a $60m Thai fund in May and is looking at other country funds as well as Asian equity issues.

Daiwa has also launched a $100m global small capitalisation unit trust listed in Ireland. It is the first stock fund to be listed in Dublin and takes advantage of tax concessions similar to Luxembourg's.

A fund listed in Ireland can be sold directly to Japanese investors prohibited from buying stock in a fund from another offshore location.

Liffe suspends some contracts

By Deborah Hargreaves

THE London International Financial Futures Exchange is suspending some of its currency futures contracts following board approval to shelve the thinly-traded products.

The dollar/D-Mark futures and option, Swiss franc and yen futures will cease trading immediately, with the remaining currency products phased out over the next few months.

Liffe's currency products have failed to attract much business, which the exchange attributes to the healthy state of the interbank market in London.

Correction

RJR junk bonds

Owing to an editing error, the first paragraph of the story in late editions on Thursday April 12 headlined "Junk bond speculation focuses on KKR," was open to misinterpretation. The paragraph should have read: The high-yield market rose sharply yesterday on widespread speculation that Kohlberg Kravis Roberts, the buy-out specialists which took RJR Nabisco private in a leveraged buy-out in 1988, is taking steps to avert potential problems in paying interest on some of RJR's junk bonds.

FOCUS ON 1990:

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In these times of rapid change, preparation for a broad range of possible future developments is essential. That's why banking is, more and more, about risk management. As a client-driven bank, DGZ has geared its service capabilities to help its customers meet these challenges: We put emphasis on risk management products.

In 1989, DGZ's lending volume to domestic and international clients rose a healthy 4.3 percent to DM 26.6 billion. Playing a focal part in our asset and liability management, our money market, forex and securities operations contributed significantly to the solid performance.

Financial Highlights (DM million)	1989	1988
Total Assets	43,970	41,741
Due from Banks	16,470	15,132
Debentures and Bonds	6,277	6,655
Receivables from Non-Bank Clients	19,072	17,819
Deposits by Banks	15,833	16,833
Deposits by Non-Bank Clients	3,343	3,118
Own Debentures in Circulation	22,708	19,621
Capital and Published Reserves	785	780
Net Interest and Commission Income	220	243
Operating Income	146	168
Net Profit	30	30

Deutsche Girozentrale
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FRANKFURT/BERLIN

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Manufacturers Hanover Corporation
U.S. $100,000,000
Floating Rate Subordinated Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that the Notes will carry an interest rate of 8⅞% per annum for the period 17th April, 1990 to 17th July, 1990 with a coupon amount of U.S. $221.18 for the U.S. $10,000 denomination and U.S. $5,529.51 for the U.S. $250,000 denomination and will be payable on 17th July, 1990 against surrender of Coupon No. 20.

Bankers Trust Company, London Agent Bank

Banco Central de Costa Rica
U.S. Dollars Floating Rate Serial Notes due 1988-1997

For the period 17th April, 1990 to 17th October, 1990 the Notes will carry an interest rate of 9¾% per annum, with a coupon amount of U.S. $30.12 per U.S. $1,000 Note payable on 17th October, 1990.

Bankers Trust Company, London Agent Bank

£200,000,000
MFC Finance No.1 PLC
Mortgage Backed Floating Rate Notes Due October 2023

In accordance with the Terms and Conditions of the Notes, notice is hereby given that the new interest rates and periods in respect of the subject Notes are as follows:–

	Payment Date	Rate %		Payment Date	Rate %
Series A	4 April to 2 May '90	15.355	Series D	11 April to 9 May '90	15.295
Series B	5 April to 3 May '90	15.345	Series E	12 April to 10 May '90	15.325
Series C	6 April to 4 May '90	15.345	Series F	12 April to 11 May '90	15.325

By: Citibank, N.A. (CSSI Dept.)
April 18, 1990
CITIBANK

PETROLEOS MEXICANOS
US $125,000,000 FLOATING RATE NOTES DUE 1991

In accordance with provisions of the Notes, notice is hereby given that the rate of interest for the period 17 April, 1990 to 17 October, 1990 has been set at 8⅞% per annum. Interest payable on the interest payment date, 17 October, 1990 against coupon no. 19 will be US $225.57 per US $5,000 Note.

CHEMICAL BANK as Agent Bank

INTERNATIONAL COMPANIES AND FINANCE

Spain's five-year issue set to give Ecu sector a fillip

By Andrew Freeman

THE KINGDOM of Spain will give the Ecu sector of the Eurobond market a fillip when it launches an Ecu500m five-year issue in the next 10 days. Terms of the issue are still being set, but the bookrunner and joint lead manager have now been appointed by the Spanish Treasury.

Spain first announced its intention to borrow in Ecu several months ago, and recently *launched a domestic issue.* Its debut international Ecu issue was postponed in March amid worries over the implications of German unification for the composition of the Ecu basket of currencies.

The deal will be designed to attract wide international interest. For example, the bonds will be free of withholding tax. It was confirmed yesterday that Banco Bilbao Vizcaya would be the bookrunner, with Banesto as joint lead manager.

Meanwhile, the primary market for Eurobonds almost dried up yesterday, with investors still unwilling to move funds out of short-term deposits and borrowers far from eager to pay the high yields needed to raise funds.

In Switzerland, however, Swiss Bank Corporation was the lead manager of two successful new issues. A SFr100m three-year private placement for Toyota Motor Credit Corporation was launched with an 8 per cent coupon amid favourable comments on the pricing. The bonds were trading well inside fees at less ⅝ bid. Proceeds were thought to have been swapped into floating-rate dollars to achieve a funding rate of around 20 basis points below the London interbank offered rate.

INTERNATIONAL BONDS

A SFr125m five-year public deal for Deutsche Girozentrale-Deutsche Kommunalbank, the central institution of the West German savings bank system, was less enthusiastically received, but traders said the pricing was very fair and there was demand for the bonds. Early indications suggested the paper was trading comfortably on fees at around less 1⅝ bid.

DGZ first borrowed on the Swiss market in 1986. Yesterday's issue was its second in Switzerland.

On the Swiss secondary market, the recent World Bank 7½ per cent issue improved ¼ point to less 1¼ bid in what traders described as moderate but steady demand.

Elsewhere, ScotiaMcleod increased its recent deal for Toronto Dominion Bank to C$125m, saying it had met steady retail demand for the paper. The new tranche was launched at a spread of 74 basis points over Canadian Treasuries, in line with the existing C$100m issue. The lead manager was quoting the enlarged issue at 98.75 bid.

Secondary market activity was subdued, with traders reporting some profit taking on liquid issues as investors sought to move to a shorter position on the maturity curve.

The recent World Bank Y45bn issue brought by IBJ International was trading steadily at 99.92 bid to yield 7.27 per cent, comfortably inside other Euroyen benchmarks. For example, the Y50bn 5¼ per cent Norway deal was yielding around 7.39 per cent.

● Schroders announced that Hepworth's £100m convertible issue had been 55 per cent taken up by existing shareholders and that the rump of the issue had been placed with sub-underwriters.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
SWISS FRANCS						
Deutsche GiroZ-Deut.Komm(a)◆	125	7½	101½	1995	1⅝	SBC
Toyota Motor Cr.Corp.(a)★★◆	100	8	101⅛	1993	1⅛	SBC
D-MARKS						
ASCII Corp.(a)★★◆	50	9⅛	101½	1994	n/a	IBJ (Germany)
CANADIAN DOLLARS						
Toronto-Dom.Bk(Cayman)(b)◆	125	13	100	1993	1⅜/⅞	ScotiaMcLeod

★★Private placement. ◆Final terms. a) Non-callable. b) Issue increased from C$100m.

Midland Bank unit in Turkey delayed

By David Barchard in Ankara

MIDLAND BANK'S plans to be the first UK clearing bank to set up a subsidiary in Turkey are being delayed by the refusal of a Turkish cabinet minister to sign the decree formally allowing the unit to be opened until a Turkish bank is given permission to open a branch in London.

Midland applied to the Turkish Government last October to open the subsidiary. The Turkish market has proved lucrative for a stream of new entrants in the last decade, but Standard Chartered is at present the only British bank with a branch in Turkey.

It is understood that Midland obtained the approval of the Turkish Central Bank, Treasury and State Planning Organisation, and premises for the branch had already been set up. It was expected that the subsidiary would formally be opened early next month when Midland's chairman, Sir Kit MacMahon, visits Turkey with a delegation of the British Invisible Exports Council.

However, Mr Gunes Taner, the Turkish State Minister in charge of the Treasury, has indicated that he will not sign the decree enabling Midland to go ahead until Iktisat Bankasi, an Istanbul-based bank owned by Mr Erol Aksoy, one of Turkey's best-known bankers and a prominent supporter of the ruling Motherland Party, is given permission to open a branch in London.

Iktisat Bankasi has a representative office in London and is understood to have applied to the Bank of England for permission to open a branch.

Mr Taner's opposition to Midland has incurred criticism from several senior officials here, who have leaked the story to the Turkish press several times in the last few weeks. "This sort of thing does Turkey's international image no good at all," said one official in Ankara this week.

British officials here declined to comment on the story, although they confirmed that the signing of Midland Bank's decree had been delayed.

Chicago shakes hands with the SEC

Barbara Durr on the new regulatory body for the US futures industry

The Chicago futures exchanges are giving surprise backing to new legislation aimed at overhauling the regulation of US financial markets. The legislation, introduced this month, would create a new agency replacing both the Securities and Exchange Commission and the Commodity Futures Trading Commission.

The new agency, the Markets and Trading Commission, would regulate both the securities and futures markets. By unifying the present split framework, it would provide the linkage in regulation that already exists through investment. With the advantage of seeing across markets, it theoretically could assess potential problems earlier and take appropriate steps.

The MTC would have five commissioners appointed by the US President and approved by the Senate. The authorities have laid down two years as the transition period to the new regime.

"This idea is better than any I've heard," says Mr Leo Melamed, special counsel to the Chicago Mercantile Exchange and a key figure in the futures industry. "A single structure that gives all the markets their correct due" is the kind of compromise Mr Melamed says he can support.

The proposal, called the Markets and Trading Reorganisation and Reform Act, was motivated in part by a need to halt a long-running turf battle between the two regulators. The SEC oversees equities and the CFTC futures, but certain derivative products such as stock index futures have raised questions about where regulatory lines should be drawn.

Both Chicago exchanges oppose a merger of the two agencies because they believe that the SEC, the stronger of the two, would swallow up the CFTC and treat futures like equities.

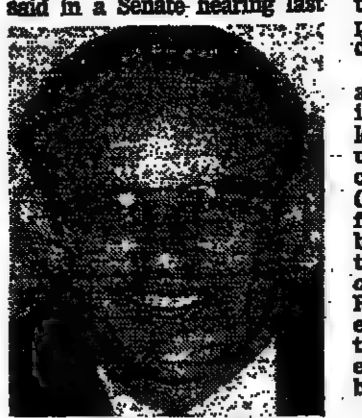
Mr Thomas Donovan, the president of the Chicago Board of Trade, is against a SEC takeover of futures because "its institutional bias [in favour of the New York equities markets] would kill the futures industry in the US."

But the House market reform Bill would attempt a neutral restructuring of the two agencies. This has calmed Chicagoans. "We'll warm to the proposal because it comes closest to an overall solution," Mr Donovan says.

The change of heart in Chicago comes after momentum was lost in Washington for a quick transfer of stock index futures from the CFTC to the SEC.

Efforts to pare away stock index futures or perhaps all financial futures from the CFTC diminished after Mr Alan Greenspan, Federal Reserve Board chairman, punctured the main argument used for the move by Treasury Secretary Mr Nicholas Brady and SEC chief Mr Richard Breeden.

Mr Brady and Mr Breeden had contended that stock index futures and the split regulation of them from their cash markets caused volatility in equities trading. But Mr Greenspan said in a Senate hearing last month that, according to Fed studies, there was no convincing evidence that stock index or split regulation of stock index futures and the underlying cash market caused volatility. According to the Fed, volatility was the result of rapidly advancing technology that hastened trading and a concentration of assets in institutional portfolios that increased the size of trades.



Richard Breeden: argued that CFTC should lose some futures

Margins are a critical part of the dispute. Margins on equities are a down payment on an asset and are set at 50 per cent of the stock's value. Margins on futures are instead a performance bond, given that futures are simply a commitment to take or make delivery of a product at a given price and date in the future.

The Treasury and the SEC argue that margins on stock indices are set dangerously low, prompting excessive speculation. While not completely conceding this point, Mr Greenspan said stock index futures margins should probably be set higher. He suggested the federal government as *overseer*, but that the Federal Reserve Board was not interested. Oversight by the regulatory agencies and the exchanges themselves was a better idea, he said.

The proposal would also create a new body, the Federal Financial Market Coordinating Council, to be composed of all financial regulators.

The Bill would also preserve the current congressional jurisdiction over the future MTC, so the politicians on the agricultural committees that oversee the CFTC would not lose their Political Action Campaign contributions to their colleagues who oversee financial matters.

Extra feature of Samsung $75m issue aims to please

By John Ridding in Seoul

SAMSUNG Electronics, South Korea's largest electronics company, is expected to complete its issue of $75m worth of bonds with equity warrants today and is including a novel feature to make the issue more attractive.

The issue was postponed last month because of the depressed market for Korean instruments. The market has not improved and the issue will therefore include a money-back warrant.

This feature, which guarantees repayment if the underlying share price does not achieve the exercise price of the warrant during the five-year maturity, is being used *for the first time in a Korean* issue. It has been included in a handful of other Euromarket issues.

According to one of the issue's lead managers, the money-back option depends on the 70-day moving average of both the voting and non-voting shares not exceeding the exercise price for 70 consecutive days. The money received on the warrant will be equivalent to its value at the time of the launch.

Otherwise, the terms of the issue are unchanged from original proposals. The bond will have a zero coupon and the company is seeking an exercise premium of 110 per cent.

S Korean oil refiner to raise cash for exploration

By John Ridding

YUKONG, South Korea's largest oil refiner, is to issue $75m of bonds with equity warrants to finance exploration and production.

The issue, planned for early June, will have a five-year maturity. Subscribers will be able to convert their warrants into common stock after 18 months. The coupon is expected to be less than 1.5 per cent.

Yukong has seen steady sales and profits growth over recent years. In 1989 it achieved net income of US$98m on sales of $3.89bn. The comparable figures for 1988 were $85m and $3.4bn respectively.

The issue coincides, however, with a downturn in the market for Korean Euro-instruments. Since the end of last year, prices and premiums of Korean convertible bonds and bonds with warrants have *fallen sharply, reflecting an* increase in the number of issues and a prolonged decline in the underlying stock market.

● Korea Investment Trust Company (KITC) will launch a new US$50m fund for foreign investors in early May. The new fund, called the Korea Equity Fund, is one of three funds approved by the Ministry of Finance as part of its policy of financial liberalisation.

Sweden abolishes turnover tax

SWEDEN abolished turnover taxes on bond and stock market transactions on Sunday in a move that will give a long-term boost to the country's growing derivatives markets, writes Deborah Hargreaves.

The introduction of the tax at the beginning of last year crippled trading in the country's bond market and almost stopped trading in interest rate options.

The tax abolition did not immediately affect trading in Sweden, but brokers expect it to boost the country's credit and options markets gradually.

OM, Sweden's electronic options market, launched new bond futures and options contracts yesterday to try to attract business put off by the tax.

OM had seen its interest rate options activity cut down to five to 10 contracts a day from *a pre-tax level of 10,000 lots a* day.

In addition, the tax had forced the closure of the Swedish Options and Futures Exchange (Sofe), an arm of the Swedish Stock Exchange. The tax had pushed business to competing markets in London and Copenhagen and its removal should see a gradual drift of trading back to Sweden.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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In conjunction with the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday April 17 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu Apr 12 Index No.	Wed Apr 11 Index No.	Tue Apr 10 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (200)	844.45	-0.1	13.88	5.35	8.78	10.96	845.08	840.97	842.97	936.49
2	Building Materials (27)	1023.41	-0.2	15.59	5.71	7.97	5.50	1025.33	1023.70	1027.81	1182.92
3	Contracting, Construction (37)	1355.54	+0.1	18.61	6.09	7.02	16.02	1354.67	1350.55	1355.78	1690.43
4	Electricals (10)	2384.61	+0.3	12.31	5.62	10.04	39.14	2377.51	2379.40	2398.16	2698.86
5	Electronics (29)	1775.30	-0.3	10.17	4.18	12.75	17.31	1781.34	1768.93	1765.05	2111.51
6	Engineering-Aerospace (8)	438.72	-0.5	15.34	5.30	8.03	7.69	441.14	437.26	439.17	0.00
7	Engineering-General (43)	465.40	+0.2	12.19	5.36	9.92	7.42	464.61	462.67	462.72	0.00
8	Metals and Metal Forming (6)	482.09	+0.1	24.41	6.46	4.62	0.53	481.56	481.72	477.70	538.43
9	Motors (16)	345.15	......	15.57	6.53	7.51	8.43	344.98	344.00	345.08	309.52
10	Other Industrial Materials (24)	1561.76	......	11.48	5.10	10.15	28.02	1561.33	1548.45	1557.27	1565.24
21	CONSUMER GROUP (177)	1204.55	-0.3	9.91	4.08	12.58	9.21	1208.47	1204.23	1203.09	1180.19
22	Brewers and Distillers (21)	1394.16	-0.6	10.40	3.95	11.87	12.53	1402.22	1394.57	1401.23	1280.97
25	Food Manufacturing (20)	1054.49	+0.2	10.59	4.46	11.75	14.80	1052.10	1052.25	1048.31	1025.72
26	Food Retailing (16)	2236.56	-0.4	9.48	3.51	13.61	7.94	2246.09	2245.72	2234.80	2071.21
27	Health and Household (13)	2537.93	-0.4	7.10	2.73	16.81	17.07	2547.67	2525.36	2523.78	2277.06
29	Leisure (31)	1353.53	-0.3	10.58	4.52	11.66	9.24	1358.13	1353.72	1352.22	1587.35
31	Packaging & Paper (13)	566.03	......	12.80	5.73	9.71	10.38	565.72	565.62	564.68	567.17
32	Publishing & Printing (16)	3199.31	-0.3	10.55	5.61	12.00	37.24	3209.12	3207.64	3205.44	3565.19
34	Stores (35)	728.09	-0.4	12.04	5.04	10.72	1.89	731.26	730.03	728.04	762.36
35	Textiles (12)	482.28	-0.3	13.85	7.38	9.09	0.59	483.93	487.00	487.07	523.52
40	OTHER GROUPS (105)	1118.21	-0.2	11.17	5.12	10.71	8.58	1120.28	1120.60	1121.07	1066.77
41	Agencies (17)	1622.15	+0.2	5.59	2.43	21.98	12.33	1618.45	1603.39	1598.67	1266.48
42	Chemicals (23)	1183.02	-0.4	12.09	5.57	9.67	23.59	1187.93	1187.81	1191.11	1193.70
43	Conglomerates (14)	1580.60	......	10.24	6.19	11.57	8.69	1581.41	1577.35	1580.20	1520.80
44	Transport (13)	2162.18	-0.1	11.24	4.60	11.30	25.71	2165.26	2158.59	2155.27	2380.06
46	Telephone Networks(2)	1108.60	+0.2	11.45	4.62	11.35	0.00	1106.41	1110.24	1103.12	1126.17
47	Water(10)	1853.63	-0.2	18.80	7.31	5.89	0.00	1857.89	1865.39	1880.50	0.00
48	Miscellaneous (26)	1763.84	-0.8	10.70	4.86	10.47	18.48	1778.76	1787.36	1797.23	1464.00
49	INDUSTRIAL GROUP (482)	1101.15	-0.2	11.29	4.72	10.83	9.88	1103.56	1100.64	1100.98	1105.87
51	Oil & Gas (18)	2251.77	+0.3	11.03	5.36	11.96	35.53	2245.14	2235.21	2251.62	1979.26
59	500 SHARE INDEX (500)	1197.04	-0.1	11.25	4.81	10.97	11.91	1198.79	1195.32	1196.87	1180.07
61	FINANCIAL GROUP (110)	791.71	-1.0	–	5.74	–	17.48	799.92	800.38	799.41	729.83
62	Banks (9)	852.08	-1.6	19.62	6.27	6.63	24.14	866.26	864.15	867.50	716.98
65	Insurance (Life) (7)	1267.56	-0.5	–	5.79	–	34.46	1274.44	1278.94	1273.48	1043.96
66	Insurance (Composite) (7)	648.23	-0.8	–	6.38	–	19.43	653.66	645.17	642.50	575.19
67	Insurance (Brokers) (7)	1041.77	......	8.24	6.25	16.02	26.30	1042.32	1039.74	1038.94	937.13
68	Merchant Banks (7)	452.73	......	–	4.22	–	4.85	452.50	454.84	454.84	332.43
69	Property (48)	1140.18	-0.8	8.13	3.90	15.58	5.62	1149.00	1165.78	1157.11	1311.55
70	Other Financial (25)	311.02	-0.5	14.13	7.16	9.36	4.09	312.60	313.98	313.67	367.67
71	Investment Trusts (67)	1140.53	-0.1	–	3.32	–	8.95	1141.86	1138.02	1131.55	1096.37
91	Overseas Traders (5)	1319.49	-0.5	10.02	6.92	12.05	42.87	1325.80	1318.62	1330.35	1388.41
99	ALL-SHARE INDEX (682)	1098.14	-0.3	–	4.92	–	13.04	1101.24	1098.61	1099.42	1070.26

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 12	Apr 11	Apr 10	Apr 9	Apr 6	Year ago
FT-SE 100 SHARE INDEX‡	2214.5	-7.6	2225.7	2213.8	2222.1	2215.5	2217.5	2227.7	2221.1	2074.4

FIXED INTEREST

	PRICE INDICES	Tue Apr 17	Day's change %	Thu Apr 12	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	112.44	-0.18	112.91	0.27	4.19
2	5-15 years	115.07	-0.55	116.91	1.20	4.96
3	Over 15 years	118.54	-0.76	119.45	–	4.16
4	Irredeemables	138.01	-0.82	139.16	–	1.51
5	All stocks	116.26	-0.46	117.50	0.71	4.61
	Index-Linked					
6	Up to 5 years	141.09	......	141.09	–	1.49
7	Over 5 years	132.36	-0.41	133.23	0.32	1.38
8	All stocks	132.90	-0.38	133.71	0.30	1.38
9	Debentures & Loans	95.68	-0.19	95.86	–	3.12
10	Preference	74.01	-0.47	74.36	–	2.07

	AVERAGE GROSS REDEMPTION YIELDS		Tue Apr 17	Thu Apr 12	Year ago (approx.)
	British Government				
1	Low	5 years	11.89	11.80	9.76
2	Coupons	15 years	11.52	11.40	9.22
3		25 years	11.39	11.28	9.05
4	Medium	5 years	13.12	13.00	10.70
5	Coupons	15 years	12.02	11.91	9.66
6		25 years	11.57	11.46	9.23
7	High	5 years	13.23	13.11	10.82
8	Coupons	15 years	12.32	12.21	9.90
9		25 years	11.84	11.73	9.42
10	Irredeemables		11.37	11.27	9.05
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs	4.82	4.81	3.74
12	Inflation rate 5%	Over 5 yrs	4.20	4.17	3.61
13	Inflation rate 10%	Up to 5 yrs	3.75	3.74	2.76
14	Inflation rate 10%	Over 5 yrs	4.01	3.98	3.43
15	Debs &	5 years	16.23	16.40	12.17
16	Loans	15 years	14.01	14.37	11.57
17		25 years	13.38	13.59	11.12
18	Preference		12.50	12.44	10.16

‡Opening index 2225.4; 9 am 2222.3; 10 am 2220.4; 11 am 2224.9; Noon 2223.8; 1 pm 2223.5; 2 pm 2221.7; 3 pm 2215.1; 4 pm 2216.0; 4.10 pm 2215.9; (a) 8.32am (b) 2.50pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p. CONSTITUENT CHANGES: Cambridge Instruments/LEICA (10) and Laing Properties (69) have been deleted. Medeva (27) has been inserted. DEBENTURE CONSTITUENT CHANGE: British & Commonwealth Holdings 10½% 2012 has been deleted from the yield calculation.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	88	9
Corporations, Dominion and Foreign Bonds	0	7	21
Industrials	290	348	951
Financial and Properties	129	157	440
Oils	20	28	42
Plantations	0	0	9
Mines	49	30	79
Others	92	47	109
Totals	581	706	1,660

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

● First Dealings April 17
● Last Dealings May 4
● Last Declarations July 19
● For settlement July 30

For rate indications see end of London Share Service.

Calls in Aviva Pet., Brent Walker, Bridgend, Butte Mining, FKI, Gaelic Res. and Next. Put in Parkfield. Put and call in Tarmac.

LONDON TRADED OPTIONS

THE FUTURES and options markets were quiet yesterday as dealing was slow to recover after the Easter holiday. Turnover was concentrated in FT-SE index options, as worries continued about the equity market's direction, while stock option volume largely followed that of the underlying shares.

Total volume amounted to 16,169 lots, compared with 20,201 in the previous session. Yesterday's low level of business was divided between 8,630 calls and 7,534 puts.

The futures market opened firmly following the advance posted on *Wall Street* on *Monday*. However, dealers began to have doubts during the morning as sterling came under pressure.

The release of the latest US consumer price data then sent the futures market lower as US bond prices weakened, and on anticipation of a decline on Wall Street. The premium of the futures over the cash FT-SE index was whittled down to 12 points at one stage. This lowered the cash Footsie *index*, which moved from a loss of down 2 points to down 7.

In the event, the US markets did weaken, which allowed London to trade for the rest of the afternoon in a narrow range. The futures market premium closed at 15 points, 28 points less than the fair value premium, calculated by Barclays de Zoete Wedd.

The FT-SE index option also responded to the equity market's more negative tone as put dealing predominated. Total turnover amounted to 5,462 lots, of which 913 were calls and 4,549 were puts. The April 2,200 puts were the most active, trading 685.

Among the stock options, Amstrad was the busiest, as the underlying shares fell and then recovered in active trading. Amstrad closed 2½ higher at 75½p on 7m. Amstrad traded a total of 1,516 lots, of which 1,358 were calls and 158 were puts.

Following the suspension of its shares, the London Traded Options Market announced yesterday that *British & Commonwealth* options had also been suspended.

[illegible]

UK COMPANY NEWS

Finlan cuts debt amid fears of substantial losses

By Nikki Tait

FINLAN, a small commercial and residential property company, yesterday became the latest company to report problems in the housebuilding sector warning of a substantial, but unquantified, loss for the year to end-March.

The company does not intend to pay a final dividend for the year to end-March.

Finlan's announcement came after the market had closed, with the shares trading at 32p.

It also announced a series of measures designed to cut gearing including a number of sales, the refinancing of a development and the ending of others.

The company has sold its developments at Ixworth House, Chelsea and Comyn Ching in the West End of London for £13m. The price compared with "expectations of £18m for the completed and fully-let buildings", the company said.

However it will share in any profits from a subsequent sale within two years. The deal gives Finlan 95 per cent of any profit, calculated after the holding cost to the new owner of the properties, in excess of £100,000.

Finlan's head office and some residential flats, also in London, have been sold for £2.2m;

Negotiations are underway to refinance a development at Windmill Street, with the company declining to elaborate. The company added that a joint venture in Wardour Street was no longer proceeding.

The Newbury office for its residential property development business had been closed with effect from last week, reflecting the withdrawal from this area. A project management agreement with Wates Built Homes had been agreed to implement the sale of the remaining properties and sites over the next 18 months.

In addition the company is having to repurchase properties in the Covent Garden area of London for £13.4m, in excess of present market value. When Finlan sold the properties, there was an option agreement which provided, in certain circumstances, that Finlan would have to repurchase them in March 1991. The £13.4m price is significantly lower than that contained in the option agreement;

The overall effect, said Finlan, was to reduce borrowings to "a level commensurate with that at March 31 1989". Then, net debt was just below £30m, although this included some borrowings in respect of certain non-property trading operations within the group.

At that stage, shareholders' funds were £18.7m, although these will be affected by the loss in the year just ended.

Hidden perks beyond the shredded Iron Curtain

Andrew Hill on the rapid build-up of the Tiphook container group and the challenges ahead

MR ROBERT Montague, chairman of Tiphook, is pleased with himself.

It is not surprising. In 12 days' time, Tiphook will complete its busiest financial year since floating on the stock market five years ago, as the world's third largest container rental company.

Leap-frogging from fifth in the world league last year to third has not been easy. Much of the past 12 months has been spent battling for a part of Mr James Sherwood's Sea Containers empire, in a joint takeover bid with Stena, the Swedish shipping group.

For Tiphook, the outcome of the bad-mouthing, bluff and legal bills is surprisingly tidy. Mr Montague and his colleagues have managed to double Tiphook's fleet of containers – the basic boxes which are used to ferry all manner of cargo around the globe – to 400,000 units at a cost of $533m.

"We have not had to sell assets, we have not had to pay off executives, we have not had to close offices, we have not had to make redundancies, there have been no skeletons in the cupboard," says Mr Montague.

Since the deal was approved by Sea Containers' shareholders a month ago, Tiphook has chosen to put the few thousand trailer chassis which were part of the purchase up for sale; it has also taken on 15 extra staff in the container division. But the principle remains untainted: this was a clean asset purchase, with a minimum of complication and additional overheads.

As if to emphasise this, within two weeks of the formal approval of the asset sale Tiphook had integrated 97 per cent of the Sea Containers fleet into its computer system, which is the group's vital tool for co-ordinating worldwide container movement. As the Sea Containers boxes are generally older than the Tiphook fleet, which has a reputation for quality, the new owner will gradually remove older containers as existing contracts expire, upgrading the rest.

More importantly for investors and analysts, the deal has actually strengthened Tiphook's balance sheet. To the layperson, Tiphook looked heavily geared, with borrowings at about 2¼ times shareholders' funds. The City had marked down the group's shares because of the risks involved in the original plan – a fully fledged joint break-up bid for Sea Containers which would have loaded Tiphook with debt and unwanted assets.

The revised deal had no debt attached, and was still financed by the two-stage rights issue Tiphook put in place when the group began its assault on Sea Containers last May.

At the end of the month Tiphook's borrowings should be all but unchanged – the original deal would have left Tiphook four times geared – and interest payments will be covered about 1.7 times by profits. That looks slim compared with most companies, but Tiphook points out that its strictest banking covenant demands cover of only 1.25 times, and the Sea Containers asset purchase should increase cover to more than two times in 1990-91. Tiphook's financial services arm already evens out global exchange and interest rates to simplify forward planning for individual divisions.

"Containers provide good security for lenders," adds Tiphook's finance director, Mr Rodger Braidwood. "There aren't many assets that repay their loan within half their working life."

The drawn out saga of the Sea Containers bid may have distracted some investors from Tiphook's other divisions. It is already the largest operator in the European trailer rental business, alongside rival UK company TIP Europe, and is also growing its small railcar rental division.

An explosion in eastern European business as trade and political barriers come down is the prize in these races and Tiphook is already developing contacts beyond the shredded Iron Curtain. It has combined all three rental divisions at a hub office based in Hamburg – the only site offering trailer, container and rail rental under one roof outside the group's headquarters in Bromley, south London.

Mr Montague is excited by the next challenge: "There is hard organic growth in our existing marketplace, but in addition to that there is the tremendous opportunity of eastern Europe because transportation is very high on those countries' list of priorities."

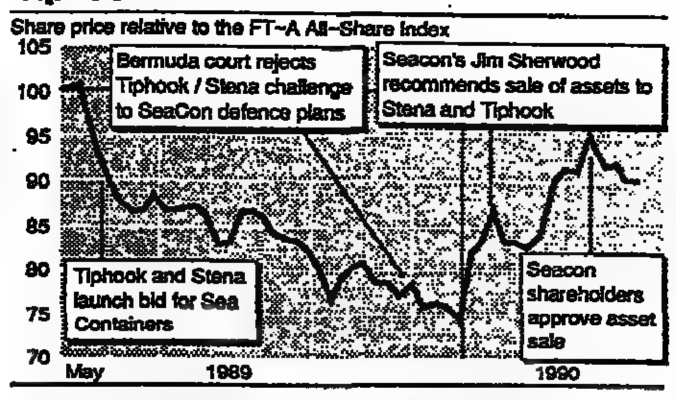
Like the original, simple idea of container rental – which made Mr Sherwood's fortune as it has Mr Montague's – the prospects for trailer rental sound too good to be true. Mr Montague can see nothing which could drag Tiphook off course. Analysts are more cautious. Tiphook was too small to be hit by a downturn in the shipping business in the mid-1980s, but from the crow's nest there are signs of some weakening in the market, and as one of a trio of giant container rental companies, Tiphook will have to be prudent.

It already has some safeguards in place – the equipment is good quality and between 30 and 40 per cent of its business is on term contracts of more than one year. If the group makes more than £31m before tax in the year just about to end, the addition of the Sea Containers assets should more than double that figure to nearly £70m in 1990-91.

Not bad for the south London company which started 12 years ago with 150 boxes. They were painted brown, Mr Montague admits, so unsuspecting clients would have difficulty spotting rust patches.

Tiphook

Share price relative to the FT-A All-Share Index




Robert Montague: excited by the next challenge

Yale and Valor sells catering equipment arm

By John Thornhill

YALE AND VALOR, the security and home products group, has sold its catering equipment division to a management buy-out team realising £8.5m cash.

The management team, led by Mr Robin Clark, the division's managing director, will take control of four companies: Moorwood Vulcan, Jacksons, Oliver Toms and Sadia Refrigeration.

In the 1988-89 financial year, the division had turnover of about £22m.

Mr Tony Marson, Yale and Valor's finance director, said the disposal continued the company's "tidying-up" programme and would allow it to concentrate on its core businesses of security and home products.

Thompson Clive net assets rise

The net asset value of Thompson Clive Investments was 177.1p on a fully diluted basis or 183.6p undiluted as at December 31 1989.

The figures compared with 163.6p and 168.7p respectively at the end of 1988.

Since the end of 1989, the group, an investment company which mainly takes up venture capital holdings in private concerns, has invested £734,000 in nine companies, six of which were already in its portfolio.

Pre-tax profits more than doubled to £454,000 (£224,000) and earnings per 50p share worked through at 2.7p (0.9p). A maiden dividend of 2p is proposed for the year.

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the Leeds
LEEDS PERMANENT BUILDING SOCIETY

£200,000,000
Floating Rate Notes Due 1994

Interest Rate: 15.375%

Interest Period:
17 April, 1990 to 17 July, 1990

Interest Amount per £5,000
Note due 17 July, 1990:
£191.66

Interest Amount per £50,000
Note due 17 July, 1990:
£1,916.61

Agent Bank
Baring Brothers & Co., Limited

Nationwide Anglia Building Society

£250,000,000
Floating Rate Notes Due 1996
(Issued by Nationwide Building Society)

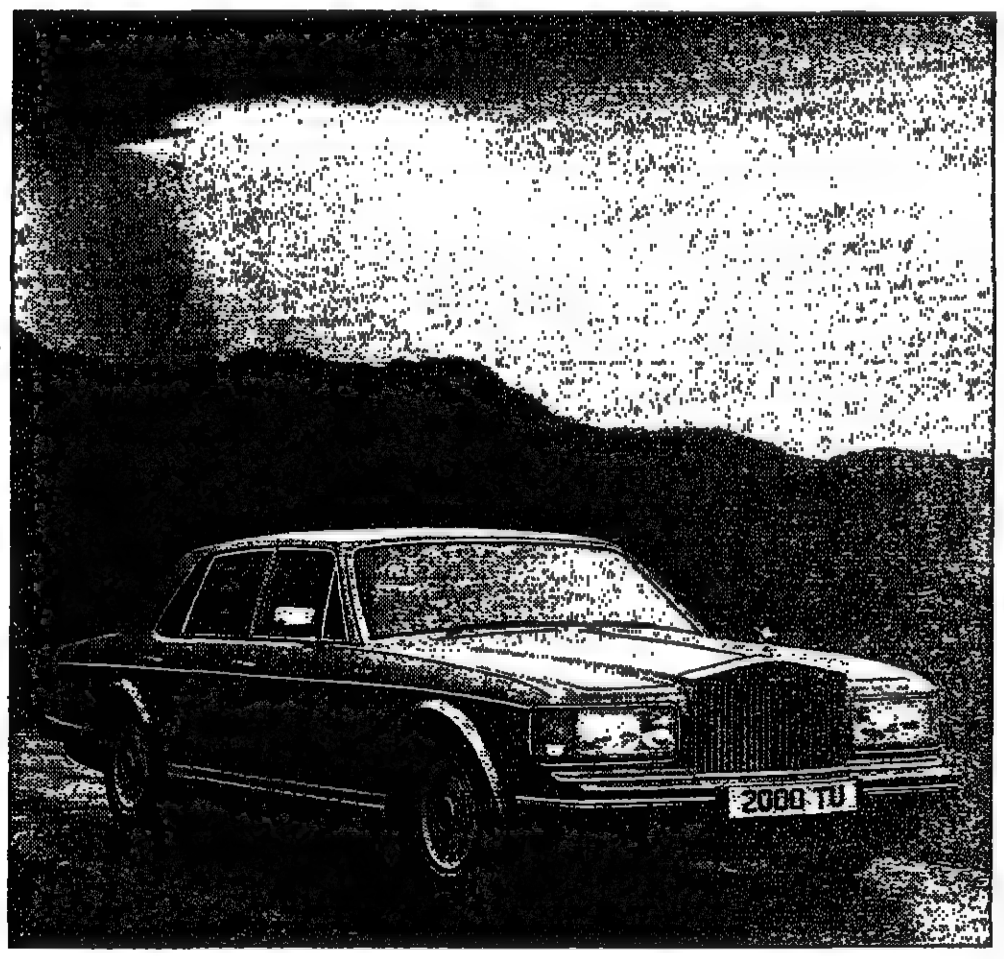
Interest Rate: 15.35% p.a.

Interest Period:
17 April, 1990 to 17 July, 1990

Interest Amount per £5,000
Note due 17 July, 1990:
£191.35

Interest Amount per £50,000
Note due 17 July, 1990:
£1,913.50

Agent Bank
Baring Brothers & Co., Limited



The Company car.

This advertisement is issued in accordance with the regulations of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any securities. Application has been made to the Council of The Stock Exchange for all of the Company's ordinary shares currently issued and those to be issued as consideration for the acquisition of Reece PLC to be admitted to the Official List. This advertisement has been prepared on the basis that the offers for the issued equity share capital of Reece PLC *have become or have been declared unconditional in all respects*. It is expected that admission to the Official List will become effective on Friday, 20th April, 1990 and that dealings will commence on Monday, 23rd April, 1990.

CAULDON GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 No. 2044214)

Introduction to the Official List
following the acquisition
of

REECE PLC

arranged by

Barclays de Zoete Wedd Limited

Share Capital

Authorised		*Issued and to be issued, fully paid*
£7,100,000	Ordinary shares of 5p each	£4,860,340.60

The Cauldon Group has five principal activities: manufacture of plant and equipment for the ceramic industry, specialist toolmaking; provision of residential healthcare; cycle and cycle component distribution; and manufacture of uPVC door panels.

Listing particulars relating to the Company have been approved as required by the listing rules made under section 142 of the Financial Services Act 1986 and are available in the statistical service maintained by Extel Financial Limited. Copies of the listing particulars may be obtained during normal business hours (excluding Saturdays), up to and including *20th April, 1990, by collection only, from The Company* Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2, and up to and including 2nd May, 1990 from:

Cauldon Group PLC
Federation House
Station Road
Stoke-on-Trent
Staffordshire ST4 2SG

18th April, 1990

Barclays de Zoete Wedd Limited
Ebbgate House
2 Swan Lane
London EC4R 3TS

UK COMPANY NEWS

'What benefits do tanks, baby incubators and Rolls Royce gain from each other?'

Brierley attacks Vickers' modern make-up

By Andrew Bolger

SHAREHOLDERS in Vickers have been urged to support the proposed demerger of Rolls-Royce Motors on the grounds that the engineering, defence and luxury car group "is a mere shadow of the great engineering operation it once was".

The accusation is made by IEP Securities, the UK investment arm of Sir Ron Brierley, the New Zealand businessman, which has proposed the demerger after building an 18.6 per cent stake in Vickers.

IEP's circular estimates that a demerged Rolls-Royce would *be worth 110p per share, while* the rest of Vickers would be worth 95p, plus 50p per share in cash. The total of 255p compares with yesterday's closing price of 223p, up 26p since the demerger was proposed.

The company also intends selling the medical division after the demerger which, it says, would further strengthen the 'new Vickers'.

"The business does not sit well within Vickers and could be better developed as part of a healthcare group. This sale should raise approximately £100m, and add another 15p to the share price."

IEP's circular states: "Our demerger proposal is not supported by the Vickers' board of directors but this is hardly surprising because the demerger would expose the illusion of 'Vickers' in its present form.

"The historic Vickers of the 19th and early 20th century was a world force in the manufacture of munitions, aircraft and ships but none of these operations remain today and it is now essentially a holding company for a collection of diverse and more-recently acquired engineering companies. Most of these businesses have little affinity with each other and with the exception of Rolls-Royce are unattractive to public investors."

It asks: "What benefits do *tanks, baby incubators, ships'* propellers and Rolls-Royce cars gain from each other? Why should the world's foremost luxury car manufacturer choose to be in partnership in such diverse businesses?"

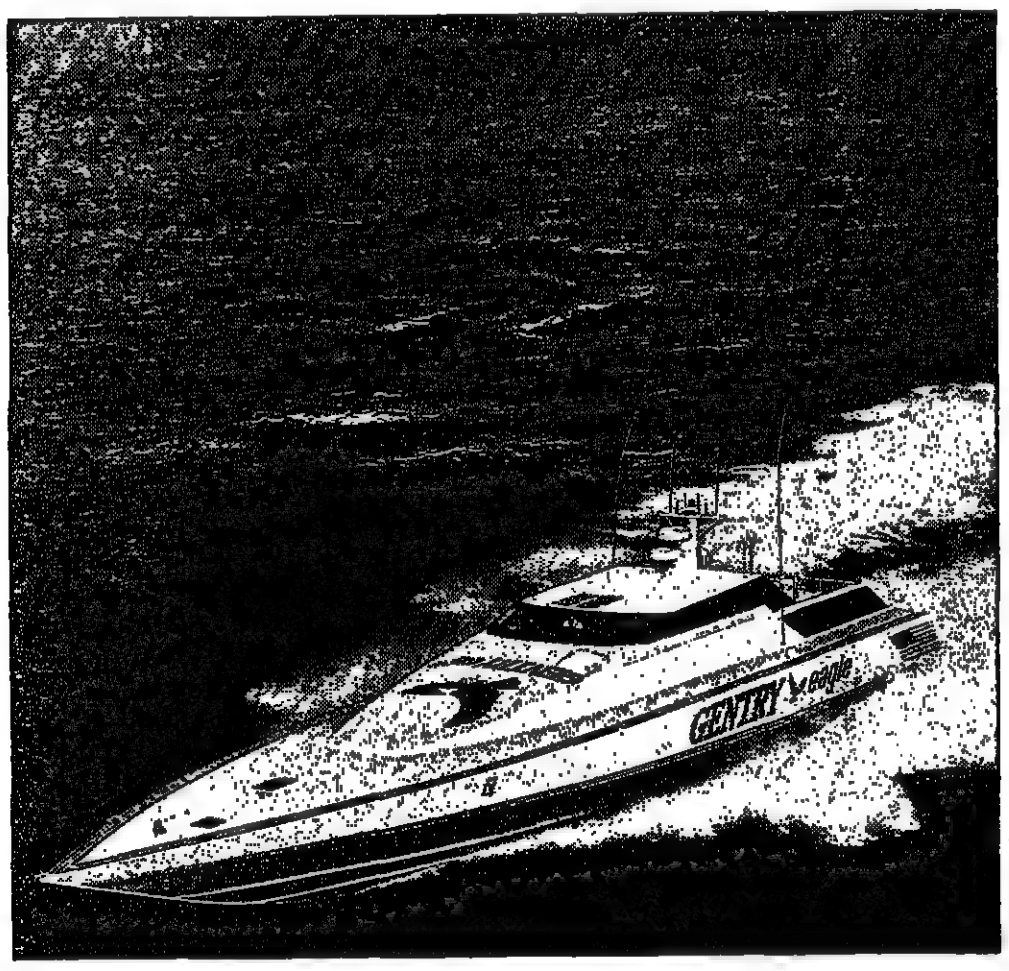
IEP emphasises that a demerger is not a sale. If Rolls-Royce Motor Cars was demerged, all Vickers' shareholders would continue to to have beneficial ownership, there would be no threat to the Rolls-Royce trade name, and management would remain unchanged. After the demerger, Vickers shareholders would have shares in two more focused companies.

Sir Ron said: "In our view, the value of shareholders' investment would be greatly enhanced by the demerger of Rolls-Royce because it would eliminate the present disparity in the market perception of the quality of Rolls-Royce compared with other businesses in the Vickers group."

Jousting knights: Sir David Plastow (left), of Vickers, and Sir Ron Brierley, of IEP Securities

As well as the Rolls-Royce demerger, Vickers shareholders will be asked at the annual meeting on April 26 to support IEP plans for Vickers to buy back up to 10 per cent of its ordinary shares and cancel its preference shares.

Vickers is seeking to alter the company's articles of association to permit it to buy back shares. However, it will not go on to seek shareholders' approval for such a buy-back. The company also opposes the cancellation of the preferential shares, on the grounds that these steps would not at present be in the interests of all shareholders.



The Company jet.

EMPLOYEE OWNERSHIP

The Financial Times proposes to publish this survey on:

4th May 1990

For a full editorial synopsis and advertisement details, please contact:

Denis Cody
on 01-873 3301

or write to him at:

Number One
Southwark Bridge
London
SE1 9HL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FLANDERS

The Financial Times proposes to publish this survey on:

8th May 1990

For a full editorial synopsis and advertisement details, please contact:

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Financial Times (Benelux) Ltd
Rue Ducale 39, Hertogsstraat
B-1000 Brussels, Belgium
Tel: (02) 5132816, Telex: 64219,
Fax: (02) 5121404

or Lindsay Sheppard
on 01-873 3225
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

UK COMPANY NEWS

Rugby chief set to tackle new challenge with ECC

By Andrew Taylor, Construction Correspondent


Andrew Teare: takes over from Stan Dennison in June

MR ANDREW TEARE, a key figure behind the growth of Rugby, the UK cement group, into a successful diversified building materials business, is leaving the company to become chief executive of ECC Group — formerly English China Clays, the minerals and construction group.

Mr Teare, 47, has been managing director of Rugby since 1984. Since 1985 the group's profits have risen every year, increasing from £22m to £89.79m.

During that time Rugby has expanded into joinery in the UK, Australia and the US and developed a steel reinforcement business, currently supplying the Channel tunnel project.

ECC generates about half of its profits from china clays or kaolin, used mainly in papermaking.

It also has aggregates and housebuilding businesses, including a 29.9 per stake in Bryant, the UK housebuilder which ECC unsuccessfully tried to acquire in 1986.

ECC warned in February that profits would fall this year.

Lord Chilver, the group's chairman, blamed flat demand from the paper industry and high interest rates for the decline.

The group's share price rose 12p to 370p following the announcement of Mr Teare's appointment.

Mr Teare, who leaves Rugby in June, will take over from Stan Dennison, the current ECC chief executive who is retiring because of ill health.

Mr Peter Carr, previously managing director of John Carr, the UK joinery company acquired by Rugby in 1985, will become managing director of Rugby.

Mr Geoffrey Higham, Rugby's chairman, said: "We are sorry to lose Mr Teare, who has done a good job for Rugby. One of things he has done is to build an excellent management team which will stand us in good stead now that he is going. Mr Carr is also an excellent replacement."

Rugby's share price fell 4p to 155p yesterday.

Daily Mail makes £9m recommended bid for Hobsons

By Clare Pearson

DAILY MAIL and General Trust, the UK newspaper group, has launched an £8.9m recommended cash offer for Hobsons Publishing, the Cambridge-based group.

Directors and their families have given irrevocable undertakings to accept in respect of 39 per cent of the shares. The bidder owns an additional 4.3 per cent of the equity.

The offer, being made by the Daily Mail and General Investments subsidiary, is pitched at 255p per share. This is just 5p higher than the price at which Hobsons joined the stock market in early 1987, but represents a 34 per cent premium over the closing price on April 12.

The acquisition of Hobsons, which publishes educational, vocational, scientific and industrial material, is part of a plan by DMGT to build up Harmsworth Media, its non-newspaper publishing division.

The company said Hobsons would add an information and database publishing side to Harmsworth, where the existing titles include The Field and Shooting Times. DMGT also has a majority investment in Euromoney Publications, the publisher of magazines for the financial markets.

A troublesome acquisition, poor overhead control and computing problems drove Hobsons into a pre-tax loss of £520,213 last year, which compared with a restated profit of £849,499.

The main problem was a loss at Bodytalk, a health magazines and exhibitions group, which Hobsons claimed overstated its financial position when it was acquired in August 1988. But a failed computer installation programme and inadequate financial controls added to its woes.

Hobsons said that while measures had been taken to return the company to profitability, the recovery would be more assured with the financial backing of the DMGT group, which owns the Daily Mail and the Evening Standard.

Mr Adrian Bridgewater is to remain as executive chairman.

Cresta sells its trust subsidiary in refocusing

By Ian Hamilton Fazey

CRESTA Holdings, the Isle of Man-based company which is shifting its focus into health care for the elderly, has sold its trust and administration subsidiary to UAL Merchant Bank of South Africa at a profit of more than £2m.

The Associated Trust Company, also Isle of Man-based, was bought for £885,000 in 1986. It contributed £490,000 of Cresta's £6.6m profits last year. The sale is for £3.05m, plus the repayment of £450,000 inter-company loans and interest.

The deal has to be approved by the Isle of Man Financial Supervision Commission, as well as the South African reserve bank. The buyer also has to get South African government approval under exchange control regulations to export the capital involved.

Money from the sale will help fund expansion in the UK. Cresta registered its 360th nursing home bed this week and has four new homes under construction. It expects to have 1,000 beds registered by the end of 1990.

Cresta retains its original garages and property interests on the Isle of Man but has always said it would sell the trust business if a suitable offer were made.

NEWS IN BRIEF

ASSOCIATED PAPER Industries: Chairman told shareholders of an improving trend in the company's trading and stronger demand for its products. The statement accompanied a circular outlining details of the sale of API Hydraulics and P Garnett & Son and the proposed sale of Purification Products.

BRENT CHEMICALS International has paid £1.8m cash for Jansen Hasenoehrl, a West German manufacturer of water and solvent-based laminating adhesives and ultraviolet varnishes used in the printing and packaging industries. Jansen had sales of £5.5m and profits of £430,000 for the year to end-June 1989. Tangible net assets at year-end totalled £90,000.

HEWETSON has acquired Construction Material Services for an initial £470,000 cash and a further payment of up to £205,000 cash. North Humberside-based CMS processes, prepares and distributes pulverised fuel ash, recovered from coal-fired power stations, and a range of cements and cementitious grouts used in the construction industry.

MOLINS: Leucadia owns or has received acceptances in respect of 10.48m ordinary shares (34.67 per cent) after acceptances in respect of 2,000 ordinary (0.1 per cent). The condition of the offer relating to the US Hart-Scott-Rodino Antitrust Improvement Act has now been fulfilled. The offer will remain open for acceptances for 14 days, unless further extended.

NSM has expanded its building materials and services division with the acquisition of Coolplan, a specialist distributor of air conditioning and refrigeration equipment, for £900,000. Consideration payable as to 574,585 new ordinary shares and cash.

TRACE COMPUTERS has, through its Wordflow subsidiary, bought 51 per cent of Wespac for £50,000 via the issue of unsecured loan notes and cash. Through Wordflow, Trace has the right to buy the outstanding 49 per cent between 1991 and 1995. Wespac markets computer and office consumables.

TRUSTHOUSE FORTE is extending its roadside operations into Continental Europe through a joint venture with Repsol, a leading supplier and retailer of petrol in Spain. The object is to develop some 100 units, styled on THF's popular Travelodge and Little Chef brands, at prime highway locations over the next five years.

WAGON INDUSTRIAL Holdings has acquired the business and certain assets of Vierod and Woods, a specialist fabricator of carbon and stainless steel process plant, for £571,574. Of this sum, £265,000 is being satisfied by issue of 84,936 new ordinary shares.

WILKES (JAMES) has acquired Euro-Holzverwertungs, an Austrian beermat maker, for about £1.8m. In addition it is to convert £1m of preference shares into ordinary shares at a 5 per cent premium to the existing market price. This is subject to approval at the May 8 EGM, when shareholders will also be asked to approve the resolutions necessary relating to the acquisition of Easterbrook Allcard.

This advertisement has been issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or to purchase any securities in The Fleming European Fledgeling Investment Trust plc ("the Company").

Application has been made to the Council of The Stock Exchange for the admission of up to 80,000,000 ordinary shares of 25p each in the Company and up to 16,000,000 Warrants to subscribe for ordinary shares of 25p each in the Company ("Warrants") to the Official List.

THE FLEMING EUROPEAN FLEDGELING INVESTMENT TRUST PLC
(Incorporated in England. Registered No. 2431143)

Introduction to The Stock Exchange

Copies of Listing Particulars dated 20 March 1990 relating to the Company are available in the statistical services maintained by Extel Financial Limited. It is anticipated that copies of Supplementary Listing Particulars following the final determination of the capital of the Company will be available in the statistical services from 24 April 1990.

Copies of the Listing Particulars are available for collection only during usual business hours from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD on any weekday (Saturdays excepted) up to 20 April 1990 and may be obtained during usual business hours up to and including 2 May 1990 from the registered office of the Company at 25 Copthall Avenue, London EC2R 7DR, and from the Sponsor:

ROBERT FLEMING & CO. LIMITED
25 Copthall Avenue
London
EC2R 7DR
18 April 1990

vita

21st CENTURY MATERIALS AND TECHNOLOGY T·O·D·A·Y

HIGHLIGHTS
FROM THE 1989 REPORT & ACCOUNTS

Profit before tax	£48.3m	UP 29%
Earnings per share	26.0p	UP 30%
Dividend per share	8.8p	UP 35%

Chairman Bob McGee comments:

"Our strong presence in Germany, France, the Netherlands, Belgium, Spain, Switzerland, Denmark and Italy, accounting for 60% of total sales, has been spread across a vast, but inter-related, range of products and processes..."

Copies of the Annual Report and Accounts can be obtained from BRITISH VITA PLC., MIDDLETON, MANCHESTER M24 2DB

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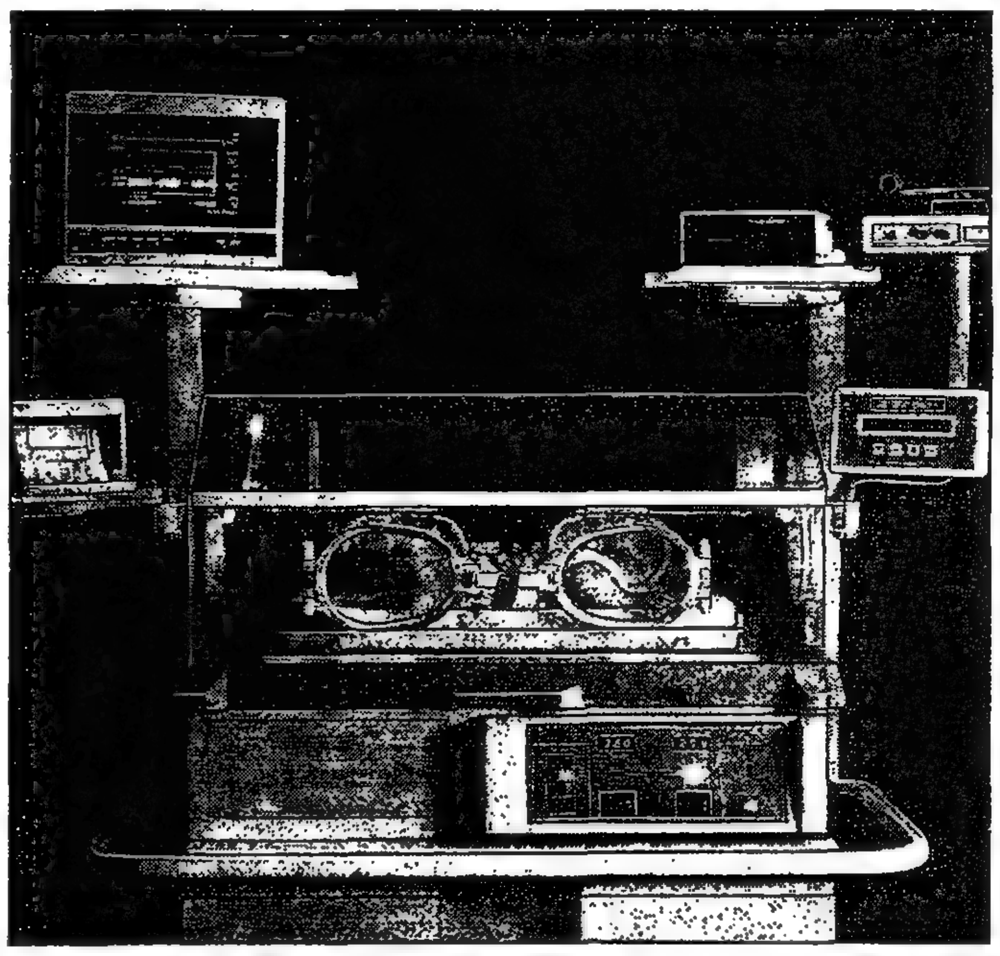


The Company health check.

COMINCO RESOURCES INTERNATIONAL LIMITED

NOTICE OF MEETING OF HOLDERS OF WARRANTS

A meeting of the holders of common share purchase warrants ("Warrants") of the Corporation issued under a warrant indenture between the Corporation and The Royal Trust Company (the "Trustee") dated as of May 15, 1987 (the "Warrant Indenture") will be held at the Four Seasons Hotel, Vancouver, British Columbia, Canada on Wednesday, May 10, 1990, at 11.00 a.m to amend the Warrant Indenture to:

(a) extend the time within which all Warrantholders, other than Cominco Ltd., must exercise their Warrants to the close of business on Monday, May 28, 1990;

(b) provide for the transfer to Cominco Ltd. of all Warrants that are not exercised by holders thereof prior to the close of business on Monday, May 28, 1990;

(c) extend the time within which Cominco Ltd. may exercise its Warrants to the close of business on Tuesday, May 29, 1990; and

(d) authorise the execution and delivery of a supplemental indenture implementing the proposed amendments.

As the Warrants are in the bearer form, only persons who produce Warrant certificates at the meeting will be entitled to attend and vote at the meeting.

Purpose of the Proposed Transaction

Cominco Ltd., the principal shareholder of the Corporation, holds approximately 61% of the issued and outstanding common shares of the Corporation.

In May 1987, the Corporation issued 32,400,000 Warrants of which 19,000,000 were issued to Cominco Ltd. for mineral properties acquired by the Corporation from Cominco Ltd. on the formation of the Corporation. The balance of 13,400,000 Warrants was issued to the public as part of the initial public offering of the Corporation under a prospectus dated May 6, 1987 that qualified an offering of 13,400,000 Units, each consisting of one common share and one Warrant. As at April 1, 1990, a total of 32,378,829 Warrants were outstanding. The outstanding Warrants held by persons other than Cominco Ltd. represent 4,548,801 common shares of the Corporation or 8.8% of its common shares on a fully diluted basis. Three Warrants entitle the holder, upon payment of the exercise price of $2.70 per share, to purchase 1.02 common shares of the Corporation until May 26, 1990. The original terms of the Warrants were adjusted to account for a subsequent rights offering by the Corporation.

The Corporation wishes to ensure that its exploration and development activities for 1990/91 are funded as originally planned through a treasury issue of common shares on the exercise of Warrants. While it is hoped that this can be accomplished through the exercise of Warrants by current Warrantholders, there is no assurance that this will occur if current market conditions prevail. If the Warrants are not exercised, working capital will need to be obtained by alternate means, the Warrants will expire valueless and the Corporation will be subject to a tax liability on funds received by it on the issuance of the Warrants which would not arise if the Warrants were exercised.

On April 5, 1990, Cominco Ltd. agreed to guarantee the exercise of the Warrants by acquiring and then immediately exercising all Warrants that have not been exercised at the close of business on May 28, 1990. In order to implement the agreement, the Warrant Indenture must be amended to extend the exercise period of the Warrants and to effect the transfer of unexercised Warrants to Cominco Ltd.

Warrantholders will not receive any compensation as a result of the amendment of the Warrant Indenture or the transfer to Cominco Ltd. of their expiring Warrants. In the opinion of the Corporation, neither Warrantholders nor common shareholders of the Corporation are prejudiced in any way or under any circumstances by the guarantee of the exercise of the Warrants by Cominco Ltd. It is hoped that all Warrantholders will exercise their Warrants. **The guarantee by Cominco Ltd. is not intended to discourage Warrantholders from exercising their Warrants at any time before the close of business on May 28, 1990 and only affects unexercised Warrants.**

Provisions of the Warrant Indenture

Under the Warrant Indenture, Warrantholders may amend the Warrant Indenture by an extraordinary resolution that is carried by at least 66⅔% of the votes given on a poll at a meeting of Warrantholders at which a quorum is present. An extraordinary resolution duly passed is binding upon all Warrantholders.

The proposed transaction has been approved by the Toronto and Vancouver stock exchanges. Application has been made to the Supreme Court of British Columbia for an exemption from certain provisions of the Canada Business Corporations Act.

Additional information may be obtained from the Corporate Secretary of the Corporation at its head office at 2200 - 200 Granville Street, Vancouver, British Columbia, Canada, V6C 2R2, (604) 682-0611.

UK COMPANY NEWS

EIS engineers rise to £11.9m

By John Thornhill

EIS GROUP, the acquisitive specialist engineer, yesterday unveiled a 25 per cent expansion in taxable profits for 1989.

The increase, from £9.58m to £11.95m, was achieved on turnover ahead 40 per cent to £156.77m (£112.04m). About 48 per cent of profits emanate from overseas.

EIS's fluid seals and power transmission couplings side benefited from buoyant demand and reported pre-tax profits of £4.16m (£3.31m). The process equipment division also experienced good growth with profits up from £2.9m to £4.04m.

But the restructuring of the aircraft and precision engineering division resulted in a slight fall in profits to £2.63m (£2.68m). A new galley factory was opened in Wales during the year and other businesses were relocated or sold.

"The aircraft industry has been buoyant for the last three years and in the light of that we built a totally new factory in Wales to cope with the strong market," said Mr Peter Haslehurst, chief executive.

Capital expenditure totalled £6.9m but the company still ended the year with net cash of £12.5m.

Earnings per share grew to 27.7p (24.7p). The recommended final dividend is raised to 7.7p bringing the total to 10.45p (9.35p).

● COMMENT

EIS has rolled out yet another year of solid growth and there seems little reason to suppose the trend will not continue. The company's 38 subsidiaries have such diversified interests – ranging from refitting Egyptian T54 tanks to manufacturing galleys for many of the world's airlines – and such a strong overseas presence that they are well protected from any economic squalls in the UK. The company's big capital expenditure programme should pay dividends in coming years, and its strong balance sheet will also enable it to expand by acquisition – its reputation for circumspection allaying most fears that it might do something rash. The only doubts concern those that afflict all UK engineering companies, namely the general economic uncertainties that have hit others such as McKechnie. Still, EIS's presence in the seemingly more secure heavy end of the engineering sector and the strength of its management fully justifies the above-average prospective rating of 9.5 assuming pre-tax profits of £13.5m.

Havelock Europa recovering with £0.31m for 8 months

By James Buxton, Scottish Correspondent

THE MANAGEMENT which last summer took over Havelock Europa, the ailing shopfitting company, yesterday produced results which it said showed that the company was returning to financial health, and held out the prospect of "extended growth" in the future.

Havelock reported pre-tax profits of £312,000 for the eight months to the end of 1989, compared with £52,000 for the full year to April 21 1989. The irregular reporting period is being used to bring the company's accounts onto a calendar year basis.

Sales were £32.79m (£49.64m). Mr Lewis Robertson, the company doctor, came in as chairman last year at the instigation of institutions led by Scottish Amicable, when the company got into difficulties, having made profits of £4m for the year to April 1988.

The old management was largely removed and Mr Hew Balfour became chief executive.

They diagnosed the problems of the company, which produces and installs high quality shopfittings, often at short notice, as managerial rather than financial. In the retail boom of the late 1980s Havelock pursued turnover at all costs, taking on some ill-judged contracts which were handled by a sprawling organisation under lax control, causing substantial losses.

Lewis Robertson: brought in by institutions

Mr Robertson said that the new management arrived before problems at group level had had time to impair "the generally excellent reputations for quality, reliability and service enjoyed by the operating units".

Under the new management Havelock, now based at Dalgety Bay, Fife, cut back its manufacturing units from about a dozen, spread all over Britain, to just three main centres in Dalgety Bay, Inchinnan near Glasgow and Nottingham. It said it had improved its co-ordination of contracts and tightened financial controls, reducing debtors by £5.5m, creditors by £3.4m and borrowings by £3.4m.

Mr Balfour said that Havelock began the year with its order book at an unprecedented level for the period with orders from stores chains led by Boots, Marks and Spencer and Woolworths, who he believed would spend heavily on refurbishments over the next two years in spite of the downturn in consumer spending.

The company is also diversifying into fitting out banks and building societies, hospitals, museums, laboratories and smaller shops.

It is creating new productive capacity by moving towards just-in-time production at its plants, beginning with Nottingham. The aim is to cut manufacturing lead times from eight weeks to one week and reduce inventories and work in progress. Mr Balfour expects the annual productive capacity of the Nottingham plant to reach £100m next year from £25m now.

Mr Robertson said that the physical facilities of the group "represent capability unique certainly in the UK and perhaps in Europe and there are major opportunities for exploiting this."

He said that while this year's half yearly results were likely to show relatively low profits, because payment on the high manufacturing activity would mainly come in the second half, he expected the full year to "register a major stage on the group's trajectory of improvement."

Earnings per 10p share improved to 1.6p (1.4p) and Havelock is paying a dividend of 2.5p which it said maintained the equivalent of last year's total of 3.6p.

Downturn in second half cuts How to £5.18m

IN SPITE of the inclusion of an exceptional credit of £1.15m from the disposal of investments, profits of How Group, the building services contractor, declined by 19 per cent to £5.18m before tax for 1989.

At six months, profits were £400,000 higher at £2.44m and the directors expressed confidence for the future. In the event, the second half saw profits fall from £4.34m to £2.74m.

Turnover for the year expanded from £179.14m to £222.83m and gross profits worked through at £34.09m (£31.34m) before taking account of a £5.1m rise in administration expenses to £30.85m.

Excluding exceptionals, undiluted earnings totalled 6.22p (9.77p) with the fully diluted figure emerging at 5.58p (8.47p).

A final dividend of 2.25p makes a 3.6p (3.375p) total.

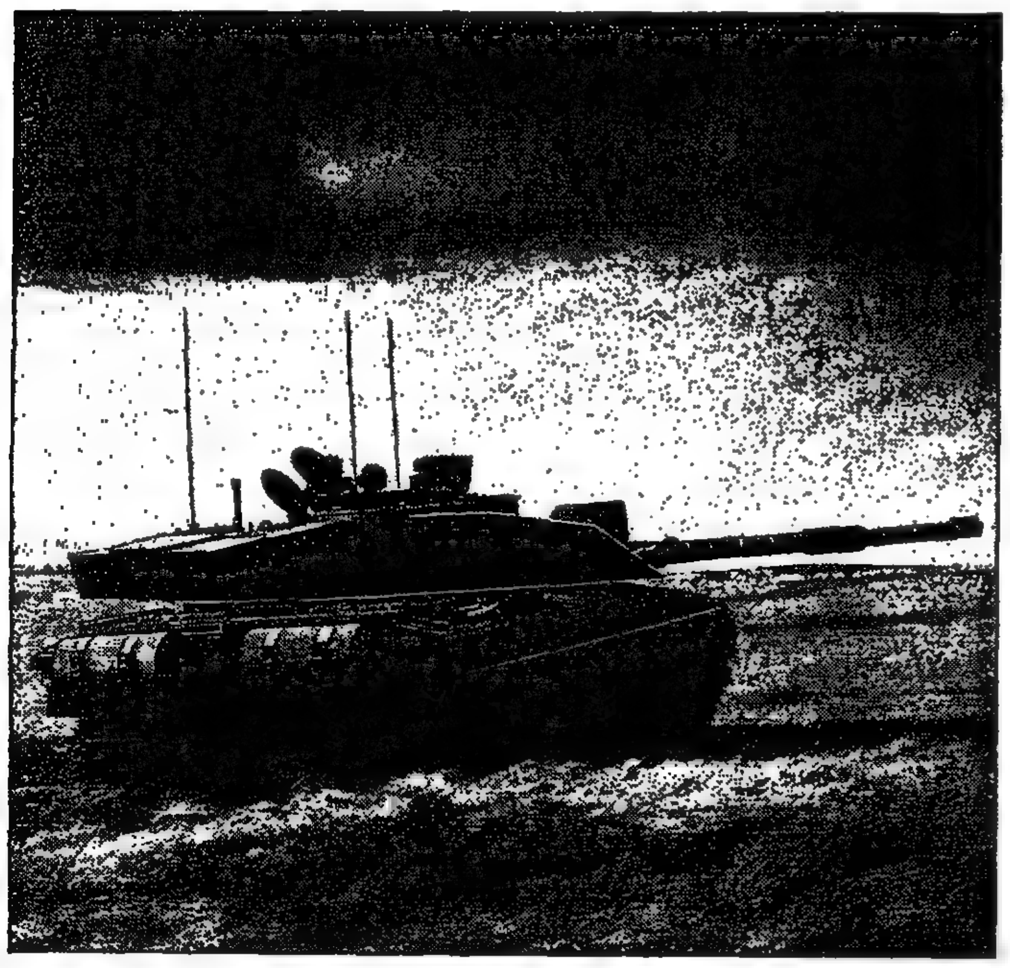
Contributing factors for the profits setback were construction delays, start-up costs and contractural disputes within the engineering services division.

Looking ahead, the directors believed that their policy of active organic growth gave opportunities for advancement.

They pointed out that each division was extending and varying the range of its activities and was seeking new markets in sectors it understood.

The level of current contracts was expected to produce improved results for 1990.

The shares closed 2p down at 58p.



The Company think tank.

NEWS DIGEST

Triefus profits jump 60%

TAXABLE PROFITS at Triefus, the diamond tool manufacturer and contract drilling group, rose 60 per cent, from £1.6m to £2.57m, in the year ended December 31, 1989.

The increase came on turnover ahead some 10 per cent at £32.29m (£29.45m), and was struck after higher interest charges of £577,000, against £411,000.

After tax of £755,000 (£505,000) and minorities £431,000 (£186,000), earnings per share emerged at 12.96p (9.23p) and the proposed final dividend is raised to 2p for a 4p (3p) total.

An extraordinary credit of £82,000 related to profit on disposal of listed investments, less losses on disposal of subsidiaries.

Purchase for up to £7.29m by Inishtech

Inishtech, the industrial holding company, which is a subsidiary of James Crean Group, is buying Droyhurst Group, an Essex-based marketing concern, for a maximum £7.29m.

As part of Inishtech's funding arrangements it is raising I£6m (£5.9m) gross by a placing of 1.17m A ordinary at I£5.15 per share.

James Crean is also converting its £3.25m convertible loan notes into A ordinary shares.

Consideration for Droyhurst will be satisfied by an initial £5.69m cash and £600,000 in loan notes. There will be further profit-related payments to a maximum £1m.

Droyhurst reported profits of £1.22m on sales of £3.69m in the year to end-August 1989. Net assets at February 28 were £1.64m.

F&C Pacific net assets rise 21%

The net asset value of F&C Pacific Investment Trust stood at 234p per share at January 31 1990, an advance of 21 per cent over its financial year.

By the end of March, however, net assets had fallen to 219.7p per share. The figure, a decline of 6.1 per cent on the year-end, compared with a currency adjusted fall of 24.2 per cent in the Japanese stock market.

Attributable revenue for the year slipped from £2.21m to £2.04m.

Earnings per share eased from 2.07p to 1.92p but the total dividend is raised to 1.4p (1.2p) via a proposed final of 0.9p.

YORKSHIRE BUILDING SOCIETY

£10,000,000 Floating Rate Subordinated Notes due 1999

In accordance with the terms and conditions of the notes, notice is hereby given that for the three months period from April 11, 1990 to July 11, 1990 the notes will carry an interest rate of 16 pct (including the margin of 0.75 pct).

The coupon amount so calculated payable on July 11, 1990 will be £3,989.04 for the denominations of £100,000.

Banque Générale du Luxembourg S.A.
Agent Bank

OKOBANK

US$ 100,000,000 Floating Rate Subordinated Notes Due 1991

In accordance with the terms and conditions of the notes, we hereby give notice that the annual interest rate for the period of April 17, 1990 to October 16, 1990 will be 8¾%. Interest payable will be US$ 442.36 per coupon for US$ 10,000 denomination notes.

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UK COMPANY NEWS

Severe drop in consumer demand and building blamed for downturn

McKechnie declines 27% to £12.67m

By Jane Fuller

McKECHNIE, the plastics and metal components group, blamed a severe drop in consumer demand and building for a 27 per cent fall in pre-tax profit for the six months to January 31.

After interest costs of £3.49m (£2.78m), taxable profits fell from £17.34m to £12.67m. An advance in turnover to £178.59m (£172.53m) represented a drop in the volume of sales after inflation had been taken into account, said Mr Jim Butler, chairman.

Not only had the group been hit by destocking, but the underlying level of demand had settled at a lower level than anticipated – in some cases 15 to 20 per cent down on last year. This had led to a cut of 500 – about 10 per cent – in the UK workforce, and there was more to come.

Up to £2.5m of the overall profit fall was attributed to customer destocking in the UK.

The brunt had been borne by the consumer division, which makes curtains, DIY products and furniture parts. Sales, including the effects of business disposals, fell to £27.5m (£38.8m) and operating profit to £3.6m (£5.7m).

According to Mr Michael Ost, chief executive, about 55 per cent of group sales were to UK markets and about 14 per cent of the total was dependent on UK building.

The slump in house building had affected metals, the biggest division, which saw turnover grow to £64m (£55.8m), partly because of the rise in the cost of copper and stainless steel, but operating profit fall to £3.7m (£4.6m).

In plastics, sales, helped by a couple of overseas acquisitions, rose to £55m (£46.4m), but profit declined to £5.5m (£6.3m). Mr Ost said the division had been hit by severe destocking by a couple of big customers, including British Telecom.

Another disappointment was the performance of McCourtney Plastics, the group's biggest US subsidiary, which supplies military, medical and industrial markets. It had suffered from the slashing of a missile contract held by Rockwell, a key customer.

The contribution to operating profit from the US fell from £2.1m to £1.3m. South Africa also experienced a decline and the Pacific region was flat.

Mr Ost said setbacks outside Europe had wiped more than £2m from operating profit.

The least affected division was specialist products, with sales and profit flat at £32.1m and £3.4m respectively.

Borrowings were down from £54m to £50m, putting gearing at 38 per cent. It was expected that this would come down to 30 per cent by the year end.

Mr Ost stressed that the second six months should be better for McKechnie, although he expected no improvement in trading conditions. Apart from the traditional imbalance between the halves, the impact of destocking and high interest rates would be less, while the benefits of cost cutting would be greater.

The group also announced the acquisition, for about £2m, of Injection Moulded Plastics. It had annual sales of about £8m and, until recently, had been making a loss.

McKechnie's earnings per share fell to 10.5p (14.5p). The interim dividend is held at 5p.

● COMMENT

McKechnie's exposure to such languishing UK markets as house building and consumer products has been a predictable factor behind the undermining of profits. Less easy to foresee was the puncturing of the overseas cushion, particularly at McCourtney Plastics, which had not been asked to make the same rigorous contingency plans as its UK cousins. It is plausible that the worst is over in terms of both destocking and the expense of redundancies and reorganisation. A second half improvement is expected to bring a pre-tax profit of about £30m, compared with last year's £39.2m. The shares are not cheap on a p/e of between 9 and 10.

Michael Ost (left), chief executive, Jim Butler (right), chairman, and Stuart Moberley, finance director

Yorkshire Radio shares fall 55p on warning

By John Thornhill

THE COMMERCIAL radio sector was ruffled yesterday as Yorkshire Radio Network warned that its interim results for the six months to March 31 1990 would be substantially below last year's outcome of £619,000.

The announcement sparked a 55p fall to 77p in YRN's share price and prompted a selective downward re-rating of other commercial radio companies which the market feared might be similarly hit.

YRN, which has been regarded as one of the darlings of the radio sector since joining the USM last August, reported that total advertising revenue had fallen by 17 per cent in the first quarter of 1990.

Mr Michael Mallett, chairman, said the advertising market had been highly volatile. Revenue in the first three months of YRN's financial year had been disappointing – although above the previous year's levels – but had fallen sharply since January.

"The big blow was in March when the advertisements placed by the national advertisers were down 45 per cent on the previous year," Mr Mallett said.

About 58 per cent of YRN's advertising revenue derives from local advertisers and the rest is placed through national advertising agencies.

Mr Mallett added that April's advertising revenue was up on the previous year and that the company was continuing its cost-cutting programme.

"It is terribly difficult to forecast. But with the same revenue we will make more profit in the second half because we have cut costs," he said.

See Lex

Midsummer board withdraws support for Euro Leisure bid

By Andrew Bolger

THE DIRECTORS of Midsummer Leisure, the pub, disco and snooker club operator, yesterday advised shareholders not to accept an offer for the company. The move came only a fortnight after they recommended the same offer by European Leisure, the nightclub and leisure group.

Mr Michael Ward, chairman and chief executive of European Leisure, said: "I am dumbfounded with shock and speechless at this U-turn. At joint presentations with me to institutions last week, directors of Midsummer Leisure made it clear they had an overwhelming preference for merger with us, rather than continuing to be independent." When the Midsummer directors irrevocably pledged their 15.1 per cent stake to accepting the all-paper offer, European Leisure shares stood at 80p, valuing each Midsummer share at 175p.

Midsummer said last night, after the market closed: "In subsequent days, the price of European Leisure shares fell to 60p and writing to shareholders on April 9, Mr Adam Page, chairman of Midsummer Leisure, noted that this must be a major concern in assessing the overall benefits of the offer to shareholders of Midsummer Leisure."

It added that accordingly, the directors of Midsummer had been unable to give a firm recommendation to shareholders at that time.

"Although there has been a partial recovery in the share price of European Leisure, the value of the offer remains substantially below that originally announced and continues to be surrounded by significant uncertainty."

Before the Midsummer announcement, shares in European Leisure had closed at 72p, up 1½p on the day. At that level, its offer valued each Midsummer share at 154p. Shares in Midsummer closed unchanged at 122p.

The directors of Midsummer Leisure said they no longer believed that the combination of Midsummer and European Leisure would command the confidence and support of the stock market following the recent adverse change in sentiment to the leisure sector.

"Accordingly, the directors of Midsummer Leisure consider it is in the interests of shareholders that the proposed combination should not proceed. The directors, who have been advised by J. Henry Schroder Wagg, are therefore unanimously recommending shareholders to reject the offer by European Leisure."

Eagle Trust sells kitchen furniture subsidiaries

By John Thornhill

Eagle Trust, the troubled mini-conglomerate which has been linked to the Iraqi gun inquiry, yesterday announced a further step in its restructuring programme with the sale of two companies.

Unitile and KSD, kitchen furniture subsidiaries, have each been sold to former directors for nominal sums of £1.

In 1989, the two businesses incurred a net loss of £330,000 and were forecast to lose £249,000 in 1990. They also had a deficiency of assets amounting to £706,000.

Eagle Trust has retained property worth £1.4m against which it has written off £2.53m of the companies' indebtedness to the group.

Michael Peters incurs £2.94m loss and plans disposals and cash injection

By Alice Rawsthorn

MICHAEL PETERS Group, one of the UK's largest design consultancies, plans to sell off subsidiaries and seek new finance after announcing a fall from pre-tax profits of £1.07m to losses of £2.94m in the six months to December 31.

In recent weeks Peters has been haunted by rumours of financial problems and boardroom rows. The interim results, published yesterday after a long delay, indicated the extent of its difficulties. The board decided not to pay an interim dividend (1.7p) after reporting losses of 15.98p (earnings of 5.11p) per share.

Mr Ian Farnfield, chief executive, said the first half had been a "tough and painful" period for the group. The present priority, he said, was to bring down borrowings through disposals and, possibly, a new injection of capital.

Peters' shares were static at 18p yesterday. The shares have fallen sharply from over 60p since December when it first warned the City of the likelihood of losses.

The group has been hit by the downturn in the UK design market. Its UK design business was profitable in the first half, albeit at a greatly reduced level. It has also suffered severely from the problems of its US interests. These include Hambrecht Terrell, the retail design consultancy acquired two years ago for $10m (£6m), and its recently established packaging and product design business in New York.

Turnover rose to £23.12m (£18.06m), but Peters fell into an operating loss of £1.55m (profits of £1.23m). The cost of reorganisation, which involved 80 redundancies, was expressed as an exceptional item of £639,000. The interest bill increased to £749,000 (£167,000).

Hambrecht Terrell is now up for sale. Mr Farnfield said Peters was talking to "a number of potential buyers". The group has also reached agreement with the management of Spectrum, an event and conference promotion company, to buy the business in a £3.7m buy-out.

When the disposals are completed the group's net debt should be reduced from £8m at the end of the first half (on neutral net assets) to less than £4m. Mr Farnfield said Peters was discussing the possibility of raising new capital through equity finance with Hoare Govett, its brokers.

Originally Peters had hoped to build a diversified international design business by acquisition and start-ups. After this year's problems it has decided to retrench back to its original packaging and product design businesses. After the disposals it will have a network of businesses in Europe, with offices in Toronto and New York employing fewer than 400 people, compared with more than 700 a year ago.

Mr Farnfield said the group should return to profit at the operating level in the second half. The New York packaging and product design consultancy was now profitable, he said, and there had been a modest improvement in the UK business.

BTR faces prospect of anti-bid bill being passed

By Karen Zagor in New York

AN ANTI-TAKEOVER bill, drafted last month in an attempt to thwart BTR's $1.64bn hostile bid for Norton Company of Massachusetts, yesterday moved one step nearer to becoming law when it was passed by a joint committee of the state's legislature.

The proposed bill would require companies in Massachusetts to have staggered board elections, replacing no more than one-third of the board each year.

In effect, this could force BTR to wage a two-year proxy fight for Norton. However, a two-thirds majority of the company's shareholders, or its board, could vote to replace the staggered board with a fixed one.

Shares in Norton fell $1¼ to $75½ at mid-day yesterday on the New York Stock Exchange. After BTR's court victory last Wednesday they climbed to $77¼, above BTR's $75-a-share cash offer, amid speculation that the UK industrial conglomerate might bump up its bid.

It is thought that the Massachusetts legislature will wait for an appeals court ruling before pressing through the proposed anti-takeover legislation.

Norton is appealing against a lower court ruling last week that the company must hold its annual meeting on April 26, rather than postpone it for two months.

A US appeals court will hear oral arguments at 11 am today by the two sides, which will each be given 20 minutes to present their case.

If the court rules against Norton, the proposed Massachusetts bill could be passed in a matter of days.

The legislation has an emergency preamble which would make it effective immediately after being signed by Mr Michael Dukakis, the state's governor.

Bowater seeks approval for share buy-in

By Andrew Hill

Bowater Industries, the packaging, printing and industrial materials group, is seeking shareholder approval to buy in up to 5 per cent of its own equity.

At special meetings for shareholders which will follow the group's annual meeting on May 11, Bowater will also seek authorisation to repay its 4.35 per cent preference shares at 96p each, an 81 per cent premium to their market price. The repayment will amount to a total of £7.1m in cash.

The company also wants shareholders to approve a change of name – from Bowater Industries to plain Bowater.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Exmoor Dual Investment Trust, Melodie Investments, Prestwick.

Finals- Aspen Communications, Densitron International, Dinkie Heel, English National Investment, Geers Gross, Hawtal Whiting, Helical Bar, International Business Communications, T & S Stores, Trusthouse Forte.

FUTURE DATES

Interims-	
Allied London Properties	Apr. 23
Drayton Cons Trust	Apr. 19
Jessups	Apr. 25
MY Holdings	Apr. 23
Multitrust	Apr. 24
South Green	Apr. 25
Wellcome	May 3
Finals-	
SLP	May 2
OCS	Apr. 23
Haden MacLellan	Apr. 25
Moss Bros	Apr. 30

Management acquire BSM in £40m buy-out

By Nikki Tait

THE BRITISH School of Motoring, Britain's oldest driving school, has been acquired by its management, with institutional backing, in a £40m buy-out.

The deal coincided with the closing of the Morgan Grenfell Capital Partners fund – one of the funding backers on the deal. The merchant bank announced yesterday that the fund, launched at the end of last year, had obtained institutional commitments of £145m. These had come from the US, Japan, Europe and the Middle East.

Of the £40m purchase price for BSM, £11.5m is coming in the form of equity supplied by Morgan Grenfell Capital Partners. The Jacobs family, which previously owned the driving school, is putting £5m back into the business in the form of a convertible loan. The remaining funding is coming from National Westminster Bank, in the form of debt.

BSM was founded in 1910, and passed into the Jacobs hands in the early-seventies. The group said yesterday that its chairman, Sir Anthony Jacobs, wanted to retire and his son, Mr Simon Jacobs, who is managing director, wished to pursue other interests.

Today, the company has around 2,300 instructors and some 130 branches. Morgan Grenfell said that around 15 members of the management have a share in the deal.

The Morgan Grenfell Capital Partners fund, set up in November, will usually invest in transactions topping the £30m mark. These will be principally in the UK and in Europe

NEWS IN BRIEF

BLACKLAND OIL's wholly owned subsidiary, East Midland Oil and Gas, has received approval for the development of the Whisby Onshore Oilfield, which lies to the south west of Lincoln. East Midland is planning a phased development of the field, comprising four independent phases. Investment in Phase 1 will be more than £500,000 and may reach £2.55m if all four phases proceed.

DIPLOMA has sold its 31.9 per cent stake in Electronic 2000 Vertriebs, a West German distributor of electronic components listed on the Munich stock exchange, for DM16.5m (£6m) cash. The sale proceeds will be added to Diploma's existing cash resources.

SUNLEIGH: Howmac holds 3m ordinary shares (9.4 per cent). This follows the allotment of 9m Sunleigh ordinary to the vendors of Powa Kaddy International, who have placed those shares at 43.8p each with Howmac and seven institutional investors. Sunleigh has invited two Howmac directors, Mr DM Saunders and Mr Charles AR Gillams, to join the board; Mr Saunders as deputy chairman.

UNILEVER expects to reach agreement on the acquisition of Bakkerijgrondstoffen CP Broer, of Waddinxveen, Netherlands, a company specialising in ingredients for pastry bakers.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
EIS	fin	7.7	July 6	6.9	10.45†	9.36
F&C Pacific	fin	0.9	May 25	0.8	1.4	1.2
Havelock Europa	fin	2.5‡	July 9	1	2.5‡	3.6
How Group	fin	2.25	June 25	2.25	3.6	3.375
McKechnie	int	5	June 4	5	-	14.75
Peters (M) §	int	nil	-	1.7	-	3.7
Thompson Clive	fin	2	-	-	2	-
Triefus	fin	2☆	-	1	4	3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡For eight months. ☆Carries scrip option

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PRELIMINARY NOTICE OF MEETINGS

The shareholders are hereby informed that Ordinary and Extraordinary General Meetings will shortly be called with the following agenda:

1) Ordinary General Meeting
- Report of the Board of Directors and Auditors' Reports
- Approval of the Annual Accounts for 1989 Business Year — *Appropriation of Income*
- Approval of Legal Covenants under Article 101 of French Companies Law
- Ratification of Director's Nomination
- Company's Repurchase of its Own Stock
- Authorization to Board of Directors to issue bonds and perpetual bonds
- Nomination of New Board Members
- Ratification of the Decision to Relocate Head Office
- Setting a ceiling on Board's fund raising authorities.

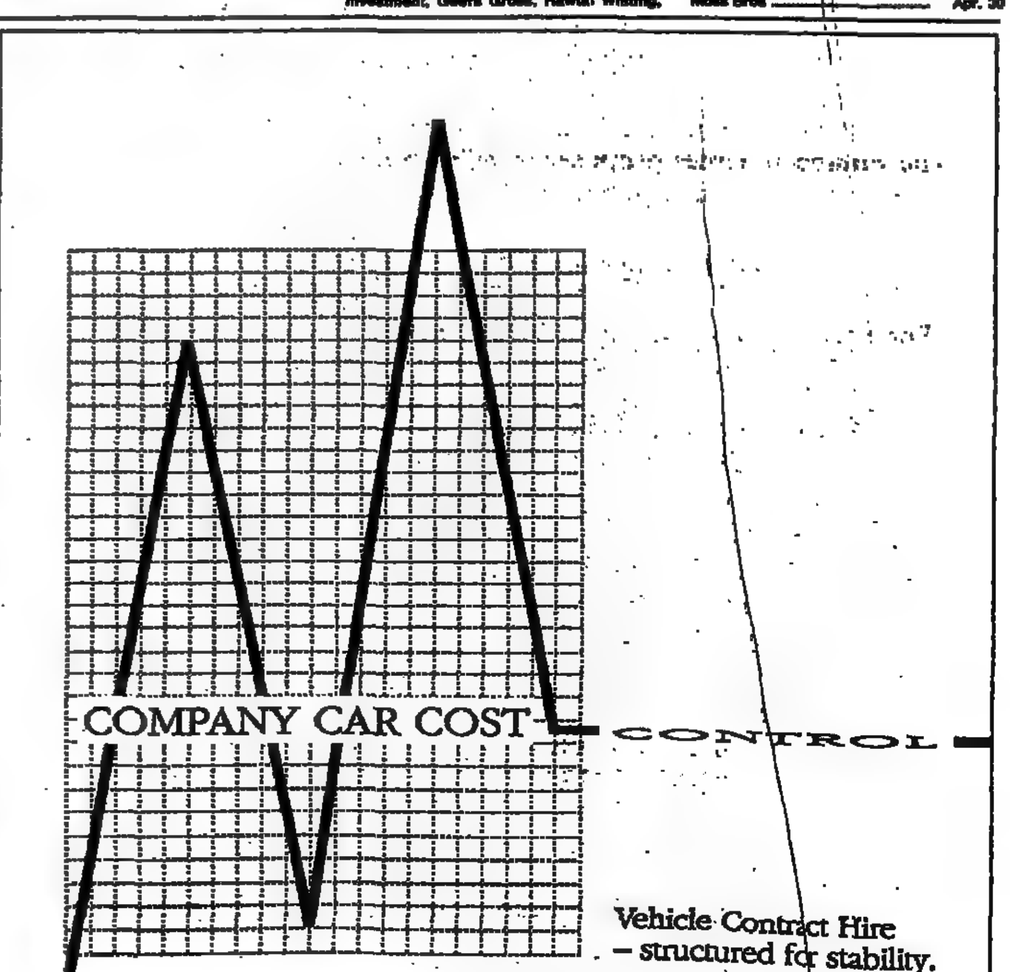
2) Extraordinary General Meeting
- Report of the Board of Directors and Auditors' Report
- Authorization for Board of Directors to increase the capital in cash and/or by capitalization of reserves, earnings and share premiums
- On condition precedent and with stockholders' waiver of their pre-emptive right to new shares issued for the exercising of warrants, authorization for the Board of Directors to issue shares with warrants attached
- On condition precedent and with stockholders' waiver of their pre-emptive right to subscribe, authorization for the Board of Directors to: • increase the capital in cash, • issue convertible bonds, • issue convertible bonds with stock purchase warrants attached (OBSA bonds), • issue warrants giving the right to buy securities representing a share in the capital, • issue bonds redeemable into shares, • issue shares with warrants attached, • issue other securities, • grant stock options for future shares, • issue shares in favour of employees
- Setting ceilings on Board's fund-raising authority • Authorization for Board to grant stock option to buy outstanding shares
- Lapsing of authority previously granted to the Board of Directors • Amendment to Article 18 of the Articles of Association • Proxies

To be entitled to attend, to be represented or to vote by correspondence at these Meetings:
- holders of registered shares must be recorded in the Company's share register at least five days before the date of the Meetings,
- holders of bearer shares must deposit at DEMACHY WORMS & CIE (223 rue Saint Honoré 75001 PARIS France) at least 5 days before the date of the Meetings a certificate evidencing that the shares have been deposited with authorised intermediaries until the date of the Meetings.

Qualifying shareholders wishing to have draft resolutions put on the agenda for the above Meetings must send their request, in the form laid down by law, to the Company's head office by registered letter by 27th April 1990.

Copies of draft of the resolutions to be submitted to the shareholders at the Meetings may be obtained from NATIONAL WESTMINSTER BANK PO. Box No. 82, — Carlton House — Redcliffe Way Bristol BS99 7NH.

Le Conseil d'Administration



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BUSINESS LAW

Digest of FT Hilary Term cases

FROM JANUARY 10 TO JANUARY 30

IN RE PARAMOUNT AIRWAYS LTD
(FT, January 10)

An administration order was made by the court under section 8 of the Insolvency Act 1986 in order to keep Paramount, a charter airline, as a going concern. However, two airports seized aircraft for debts that were incurred prior to the making of the administration order. At first instance the judge held that no steps were to be taken to enforce security over the company's property except with the consent of the administrator or the court. Dismissing an appeal by the airports, the Court of Appeal held that the Act was intended to restore financial health to a company carrying on a potential viable business that would otherwise be forced into liquidation. Moreover, although the aircraft were leased, they were plainly property within the statutory definition and the act of detention fell within the description of security.

IN RE SMITH KLINE & FRENCH LABORATORIES LTD'S PATENTS
(FT, January 12)

The Court of Appeal upheld a first instance decision on the correct method of calculating royalty under section 50(1)(b) of the Patents Act 1977. It stated that in determining that the licensee was to pay a proper sum for the use of the invention, and in fixing a reasonable remuneration, the judge had considered three possible approaches: (1) Where close comparables existed they provided the best and surest approach and whether a case was comparable was a question of fact; (2) The second factor comprised three elements — (i) allowance for the patentee's research and development, (ii) promotional costs and (iii) appropriate uplift; and (3) The profits available approach, which made the licensee's reasonable remuneration the measure of appropriate royalty instead of the patentee's, was to be used as a last resort and although, rejected in the instant case, made no difference to the outcome where the judge had arrived at a final figure of 45 per cent.

THE KOMNINOS S
(FT, January 16)

In a dispute by the cargo owners against the shipowners for damage to cargo, it was common ground that under Greek law the claim was time-barred although the parties had agreed to extend the time. The agreement to extend time might well have been made on the assumption that the Hague-Visby Rules applied, under which the time limit was capable of consensual extension. In those circumstances it would constitute a real undue hardship if the cargo-owners were to be denied the opportunity of pursuing their claim by an incident of foreign law which the parties had not realised governed their contract.

THE M VATAN
(FT, January 17)

The salvors salvaged both the vessel, the M Vatan, and nearly 400,000 tonnes of crude oil belonging to the National Iranian Oil Company worth $73.35m. In a dispute that arose because the NIOC had as yet failed to award the salvors, the original arbitrator ruled that the owners were called upon to pay not only the amount for which they were liable but also an additional sum which, on general principles, was part of the NIOC's liability. That decision was reversed by the appeal arbitrator and, dismissing the salvors' appeal from his decision, Sheen J stated that the "*pro rata* rule" was based upon public policy. Under it, the individual owner of each part of the salved property was liable to pay only that proportion of the total salvage reward which the value of his property bore to the total value of all the property salved.

BARLOW v AJ WHITTLE T/A MICRO MANAGEMENT
(FT, January 19)

An appeal was brought before the Employment Appeal Tribunal by an employee against a decision of an industrial tribunal that it had no jurisdiction to hear his claim for arrears of bonus allegedly withheld by his employers. He contended that the withholding of bonus payments was a "deduction" under section 8(3) of the Wages Act 1986. Rejecting the appeal, Wood J stated that it was for industrial tribunal to deal with deductions under the Wages Act 1986 and for county courts to deal with failures to pay. In the instant case, where the employee's basic salary and commission had been paid, section 8(3) was inapplicable.

BERKELEY ADMINISTRATION INCORPORATED AND OTHERS v ARDEN C McCLELLAND AND OTHERS
(FT, January 23)

The plaintiffs were registered abroad and the defendants applied under the Rules of the Supreme Court Order 23 rule 1 for security for costs. Refusing the application, Mr Piers Ashworth QC stated that the question was whether Order 23 rule 1, insofar as it applied to member states of the European Community, offended article 7 of the Treaty of Rome, which provided that "any discrimination on the ground of nationality shall be prohibited." The conclusion was that Order 23 rule 1 did amount to covert discrimination on the grounds of nationality and was incompatible with article 7. Moreover, the court could not apply section 726 of the Companies Act 1985 by analogy which allowed the court to order security for costs against companies registered in England and Wales if there was reason to believe the company would be unable to pay in the event of the defendants' success.

IN RE CLOVERBAY LTD
(FT, January 24)

Two administrators of an insolvent company alleged that its assets had been dissipated through the bank's (BCCI) negligence. They obtained an *ex parte* order requiring BCCI to produce all documents relating to the company's affairs. That motion was complied with and large numbers of documents were disclosed to the joint administrators.

However they now sought to examine on oath two of the bank's officers. In discharging the order, for examination, Harman J stated that if the court considered that the applicant did not need further information to take a rational decision whether to sue, but wanted further information to improve his position, then it was oppressive to order private examination.

ARKWRIGHT MUTUAL INSURANCE CO v BRYANSTONE INSURANCE CO LTD AND OTHERS
(FT, January 26)

Arkwright, reinsured in the London Market with Bryanstone and others, paid for loss in the US where it was incorporated. It claimed on the reinsurers who contended that it could not recover and commenced (a) proceedings in the US for negative declaratory relief and (b) sought a stay of Arkwright's UK action. Refusing their application for a stay, Mr Justice Potter stated that the Civil Jurisdiction and Judgments Convention 1968 removed the jurisdiction to stay on the grounds of either *forum non conveniens* or *lis alibi pendens* save only in accordance with article 21 which applied only to contracting states. As the US was a non-contracting state the court had no discretion to make the order the reinsurers sought.

METAL SCRAP TRADE CORPORATION LTD v KATE SHIPPING CO LTD
(FT, January 30)

Under RSC Order 28 rule 7, a defendant may not pursue a counterclaim where it appears that its subject matter ought to be disposed of by a separate action. The buyers contended that there was no concluded contract for the sale of the ship and the sellers then purported to treat the denial as a repudiation and claimed damages. Both sides appointed an arbitrator. The buyers in an originating action sought a declaration that the arbitrator had no jurisdiction to act while the sellers counterclaimed for damages. Their counterclaim was allowed to stand at first instance but the Court of Appeal by a majority allowed the buyers' appeal and struck out the action. On the sellers' appeal the House of Lords held that each party had a legitimate interest to protect: The buyers' interest was that in the event of the court deciding on the originating summons that there was a contract and that it incorporated the arbitration clause, they should be able to apply for a mandatory stay of the counterclaim under section 1 of the Arbitration Act 1975. The sellers' interest was that in the event of the court deciding that there was a contract, but that it did not incorporate the clause, they should be able to pursue their counterclaim.

Aviva Golden

NOTICE OF REDEMPTION

To the Holders of

FINANCE FOR INDUSTRY INTERNATIONAL B.V.
(now 3i International B.V.)

10½ per cent Guaranteed Notes 1990

This is to remind you that May 15, 1990 is an annual redemption date as well as the final maturity date for the Finance for Industry International B.V. (now 3i International B.V.) 10½% Guaranteed Notes 1990. On May 15, 1990, all of the outstanding Notes will become due and payable at 100% of their nominal value.

Said Notes may be presented for payment to MORGAN GUARANTY TRUST COMPANY OF NEW YORK, MORGAN HOUSE, 1 ANGEL COURT, LONDON EC2R 7AE or to the other Paying Agents listed below.

Notes surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due May 15, 1990 should be detached and collected in the usual manner.

Principal and interest on the Notes is payable only in pounds sterling. Payments will be made at the specified office of the Paying Agent in London or, at the option of the holder, at any specified office of any Paying Agent by sterling cheque drawn on, or transfer to a sterling account maintained by the payee with, a bank in London.

From and after May 15, 1990 interest shall cease to accrue on the Notes.

PAYING AGENTS

Morgan Guaranty Trust Company of New York
Avenue des Arts 35
Brussels 1040

Morgan Guaranty Trust Company of New York
Mainzer Landstrasse 46
Frankfurt am Main 6000

Banque Internationale a Luxembourg S.A.
2 Boulevard Royal
Luxembourg

3i INTERNATIONAL B.V.
By: Morgan Guaranty Trust Company of New York, Principal Paying Agent

Dated: April 18, 1990

TURKEY

The Financial Times proposes to publish this survey on:

25th May 1990

For a full editorial synopsis and advertisement details, please contact:

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or write to him at:

Number One
Southwark Bridge
London
SE1 9HL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Anglovaal Group

Mining companies' reports – Quarter ended 31 March 1990

All companies mentioned are incorporated in the Republic of South Africa.
All financial figures for the quarter and progressive figures for the current year to date are unaudited.
Rate of exchange on 30 March 1990: R1,00 = £0,23, £1,00 = R4,39.
Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves.
Shareholders requiring copies of these reports regularly each quarter, should write to The Secretaries, Anglo-Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST.

Loraine Gold Mines, Ltd

Reg. No. 05/31136/06
Issued capital: 16 366 965 shares of R1,00 each

	Quarter ended 31 Mar 1990	Quarter ended 31 Dec 1989	Six months ended 31 Mar 1990
Operating results			
Ore milled ... t	395 000	395 000	790 000
Gold recovered ... kg	1 979	2 026	4 005
Yield ... g/t	5,0	5,1	5,1
Revenue ... R/t milled	166,26	168,65	167,45
Costs ... R/t milled	164,14	169,16	166,65
Profit ... R/t milled	2,12	(0,51)	0,80
Revenue ... R/kg	33 184	32 880	33 030
Costs ... R/kg	32 761	32 981	32 872
Profit ... R/kg	423	(101)	158
Revenue ... R000	65 672	66 615	132 287
Costs ... R000	64 834	66 819	131 653
Profit ... R000	838	(204)	634
Financial results	R000	R000	R000
Working profit – gold mining	838	(204)	634
Profit from sales of pyrite	967	130	1 097
Non-mining income	4 934	3 768	8 702
	6 739	3 694	10 433
Interest paid	411	237	648
Profit before taxation	6 328	3 457	9 785
Taxation	2 368	1 757	4 125
Profit after taxation	3 960	1 700	5 660
Capital expenditure	779	1 429	2 208
Appropriation for loan repayments	43	54	97
	822	1 483	2 305
Development			
Advanced ... m	7 441	9 758	17 199
Sampling results:			
Kimberley reefs			
Sampled ... m	702	864	1 566
Channel width ... cm	119	110	114
Channel value ... g/t	4,9	3,9	4,3
... cm.g/t	577	425	493
Basal reef			
Sampled ... m	400	686	1 086
Channel width ... cm	8	8	8
Channel value ... g/t	83,9	73,4	77,3
... cm.g/t	713	624	657
Eldorado reefs			
Sampled ... m	478	521	999
Channel width ... cm	132	101	116
Channel value ... g/t	6,8	8,2	7,4
... cm.g/t	894	831	861
Total – all reefs			
Sampled ... m	1 580	2 071	3 651
Channel width ... cm	95	74	83
Channel value ... g/t	7,4	8,0	7,7
... cm.g/t	707	593	643

Financial
The profit before taxation includes results of hedging transactions concluded during the quarter.

In terms of the Company's articles of association, the directors' borrowing powers are limited to R35 000 000. At 31 March 1990 borrowings totalled R4 936 000 (1989: R5 650 000) of which long-term borrowings amounted to R4 699 000 (1989: R5 526 000) and short-term to R237 000 (1989: R124 000).

Hedging transactions
During the quarter the Company closed out all of its forward gold sales contracts.

Capital expenditure
Outstanding commitments at 31 March 1990 are estimated at R1 324 000 (31 December 1989: R1 008 000).

For and on behalf of the board
D.J. Crowe
R.A.D. Wilson
Directors

Directors: D.J. Crowe (Chairman), P.J. Eustace, J.J. Geldenhuys, B.E. Hersov D.M.S., L. Hewitt, G. Maude, Clive S. Menell, J.E. Olivier, S.W. van der Colf, R.A.D. Wilson
Alternate directors: J.H.J. Burke, B.J. Funston, B.J. Lawrenson, T.C. Rees, G.J. Robbertze, K.A. West

18 April 1990

Prieska Copper Mines Ltd

Reg. No. 69/03380/06
Issued capital: 54 000 000 shares of 50 cents each

	Quarter ended 31 Mar 1990	Quarter ended 31 Dec 1989	Nine months ended 31 Mar 1990
Operating results			
Ore milled ... t	431 000	419 000	1 176 000
Low-grade surface material ... t	351 500	384 100	767 100
Underground ore ... t	79 500	34 900	408 900
Concentrates produced			
Copper ... t	2 969	2 451	10 003
Zinc ... t	6 456	3 644	18 502
Concentrates despatched			
Copper ... t	1 960	2 986	9 398
Zinc ... t	–	7 629	17 140
Financial results	R000	R000	R000
Operating profit	1 110	(736)	1 558
Non-mining income	786	593	1 950
Profit before taxation	1 896	(143)	3 508
Taxation	579	202	2 925
Profit after taxation	1 317	(345)	583
Net capital expenditure/(recoupments)	495	(1 247)	(3 489)
Development			
Advanced ... m	94	156	344

Prieska Copper Mines Limited – *Continued*

Financial
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters.

Operations
Following the commissioning of the rock winder during the quarter, the planned hoisting rate of 30 000 tons per month is now being achieved.

Taxation
Taxation for the quarter ended 31 March 1990 and for the nine months takes into account the decrease of the rate of surcharge applicable to mines other than gold mines from 12 to 9 per cent announced by the Honourable the Minister of Finance in his budget speech on 14 March 1990.

Capital expenditure
Capital commitments at 31 March 1990 are estimated at R14 000 (31 December 1989: R535 000).

For and on behalf of the board
D.J. Crowe
R.A.D. Wilson
Directors

Directors: D.J. Crowe (Chairman), L.L. Benfield, B.J. Funston, J.J. Geldenhuys, B.E. Hersov D.M.S., Clive S. Menell, G.J. Robbertze, R.A.D. Wilson
Alternate directors: J.J. Geldenhuys, G.J. Robbertze

18 April 1990

Hartebeestfontein Gold Mining Co Ltd

Reg. No. 05/33928/06
Issued capital: 112 000 000 shares of 10 cents each

	Quarter ended 31 Mar 1990	Quarter ended 31 Dec 1989	Nine months ended 31 Mar 1990
Operating results			
Gold			
Ore milled ... t	815 000	810 000	2 430 000
Gold recovered ... kg	7 430	7 371	21 835
Yield ... g/t	9,1	9,1	9,0
Revenue ... R/t milled	308,16	303,02	298,14
Costs ... R/t milled	190,30	187,35	187,02
Profit ... R/t milled	117,86	115,67	111,12
Revenue ... R/kg	33 848	33 299	33 180
Costs ... R/kg	20 902	20 588	20 813
Profit ... R/kg	12 946	12 711	12 367
Revenue ... R000	251 153	245 448	724 454
Costs ... R000	155 096	151 754	454 447
Profit ... R000	96 057	93 694	270 037
Low-grade gold plant			
Ore milled ... t	432 000	443 000	1 263 000
Gold recovered ... kg	623	618	1 812
Yield ... g/t	1,44	1,40	1,41
Revenue ... R/t milled	49,19	45,47	46,47
Costs ... R/t milled	17,99	17,13	17,67
Profit ... R/t milled	31,20	28,34	28,80
Revenue ... R/kg	34 112	32 597	32 902
Costs ... R/kg	12 477	12 280	12 508
Profit ... R/kg	21 635	20 317	20 394
Revenue ... R000	21 252	20 145	59 618
Costs ... R000	7 773	7 589	22 665
Profit ... R000	13 479	12 556	36 953
Uranium oxide			
Pulp treated ... t	815 000	810 000	2 430 000
Oxide produced ... kg	88 140	88 333	259 248
Yield ... kg/t	0,11	0,11	0,11
Financial results	R000	R000	R000
Working profit – gold mining	109 536	106 250	306 990
Profit from sales of uranium oxide and sulphuric acid	(3 008)	(3 703)	(11 636)
Non-mining income	13 579	11 211	39 079
Net tribute received	236	254	1 145
	120 343	114 012	335 516
Interest paid and other expenses	611	1 539	3 666
Profit before taxation and State's share of profit	119 732	112 473	331 850
Taxation and State's share of profit	68 866	71 241	197 507
Profit after taxation and State's share of profit	50 866	41 232	134 343
Capital expenditure	4 425	5 541	15 570
Appropriation for loan repayments	263	495	1 602
Dividends	–	72 800	72 800
	4 688	78 836	89 972
Development			
Advanced ... m	11 081	11 247	34 211
Sampling results on Vaal Reef			
Sampled ... m	2 162	1 636	5 640
Channel width ... cm	68	59	68
Channel value – gold ... g/t	16,3	18,8	17,7
... cm.g/t	1 112	1 108	1 196
– uranium oxide ... kg/t	0,30	0,37	0,35
... cm.kg/t	20,46	21,85	23,49

Financial
The profit before taxation includes results of hedging transactions concluded during the quarter.

In terms of the Company's articles of association, the directors' borrowing powers are limited to R50 000 000. At 31 March 1990 borrowings totalled R6 543 000 (1989: R7 863 000) of which long-term borrowings amounted to R5 229 000 (1989: R6 982 000) and short-term to R1 314 000 (1989: R701 000).

Taxation
The changes announced by the Honourable the Minister of Finance in his budget speech on 14 March 1990 have been taken into account in the results for the quarter and the year to date.

Hedging transactions
During the quarter the Company closed out all of its forward gold sales contracts.

Dividend
Interim dividend No. 68 of 65 cents per share, declared in November 1989, was paid in January 1990.

Capital expenditure
Outstanding commitments at 31 March 1990 are estimated at R4 853 000 (31 December 1989: R5 585 000).

For and on behalf of the board
B.E. Hersov
D.J. Crowe
Directors

Directors: B.E. Hersov D.M.S. (Chairman), B.L. Bernstein Hon. LL.D, D.J. Crowe, A.J. Field, J.J. Geldenhuys, E.P. Gush, G. Maude, Clive S. Menell, T.L. Pretorius
Alternate directors: P.J. Eustace, K.M. Hosking, T.C. Rees, G.J. Robbertze, P. Teljeard, J.E. van Niekerk, R.A.D. Wilson

18 April 1990

Eastern Transvaal Consolidated Mines, Ltd

Reg. No. 01/08442/06
Issued capital: 4 316 678 shares of 50 cents each

	Quarter ended 31 Mar 1990	Quarter ended 31 Dec 1989	Nine months ended 31 Mar 1990
Operating results			
Ore milled ... t	93 300	93 000	280 500
Gold recovered ... kg	867	912	2 689
Yield ... g/t	9,3	9,8	9,6
Revenue ... R/t milled	313,59	325,17	318,21
Costs ... R/t milled	169,42	173,42	169,23
Profit ... R/t milled	144,17	151,75	148,98
Revenue ... R/kg	33 746	33 159	33 194
Costs ... R/kg	18 232	17 684	17 653
Profit ... R/kg	15 514	15 475	15 541
Revenue ... R000	29 258	30 241	89 259
Costs ... R000	15 807	16 128	47 468
Profit ... R000	13 451	14 113	41 791
Financial results	R000	R000	R000
Working profit – gold mining	13 451	14 113	41 791
Non-mining income	1 679	3 552	6 442
	15 130	17 665	48 233
Prospecting expenditure	1 249	1 543	3 394
Profit before taxation	13 881	16 122	44 839
Taxation	6 381	5 827	18 154
Profit after taxation	7 500	10 295	26 685
Capital expenditure	3 816	5 840	14 145
Dividends	–	8 633	8 633
	3 816	14 473	22 778
Development			
Advanced ... m	1 657	1 708	5 336
Sampling results:			
Sampled ... m	717	685	2 213
Channel width ... cm	254	221	237
Channel value ... g/t	7,3	7,6	7,8
... cm.g/t	1 854	1 674	1 852

Financial
The profit before taxation includes results of hedging transactions concluded during the quarter.

Taxation
The changes announced by the Honourable the Minister of Finance in his budget speech on 14 March 1990 have been taken into account in the results for the quarter and the year to date.

Hedging transactions
During the quarter the Company closed out all of its forward gold sales contracts.

Dividend
Interim dividend No. 79 of 200 cents per share, declared in November 1989, was paid in January 1990.

Capital expenditure
Outstanding commitments at 31 March 1990 are estimated at R1 281 000 (31 December 1989: R2 478 000).

For and on behalf of the board
R.A.D. Wilson
D.J. Crowe
Directors

Directors: R.A.D. Wilson (Chairman), D.J. Crowe, J.J. Geldenhuys, B.E. Hersov D.M.S., Clive S. Menell, G.J. Robbertze, J.E. van Niekerk
Alternate director: B.J. Funston

18 April 1990

Consolidated Murchison Ltd

Reg. No. 05/05478/06
Issued capital: 6 240 000 shares of 10 cents each

	Quarter ended 31 Mar 1990	Quarter ended 31 Dec 1989	Nine months ended 31 Mar 1990
Financial results	R000	R000	R000
Antimony revenue – net	5 485	3 550	12 773
Gold revenue	3 718	3 110	11 742
Sundry mining income	56	21	113
Total mining revenue	9 259	6 681	24 628
Total costs	11 248	9 976	31 360
Operating loss	1 989	3 295	6 732
Non-mining income – net	321	198	854
	1 668	3 097	5 878
Prospecting expenditure	364	338	1 087
Loss before taxation	2 032	3 435	6 965
Taxation	–	–	–
Loss after taxation	2 032	3 435	6 965
Capital expenditure	1 809	1 424	4 174
Dividend	–	–	–
	1 809	1 424	4 174

Financial
Sales of antimony concentrate for the quarter increased by 935 tons, or 65 per cent, over the previous strike-affected quarter. Continued weak US dollar prices throughout the quarter resulted in depressed antimony sales revenue which increased by only R1,9 million, or 55 per cent, over that of the previous quarter. Increased gold revenue was in line with higher gold output at 114 kg, compared to 94 kg in the second quarter. The average rand per kilogram gold price received dropped by about 2 per cent from R33 162 in the second quarter to R32 619 in the quarter under review. At the end of the review period, the Company's cash deficit amounted to R2,9 million.

Capital expenditure
Outstanding commitments at 31 March 1990 are estimated at R444 000 (31 December 1989: R459 000).

Future prospects
An announcement was published in the press on 26 March 1990 in which shareholders were advised of the Company's deteriorating cash position and cautioned in their dealings in the Company's shares pending completion of an evaluation of all the available options regarding the Company's future operations. Detailed technical and financial investigations have been undertaken in order to fully explore the scope for reducing operating costs and capital expenditure to absolute minimum levels while at the same time maintaining production. As a result, steps have been taken which will enable the Company's mining operations to continue for the present at current levels whilst the evaluation exercise referred to above continues. The Company's financial position is not expected to deteriorate significantly during this time.

For and on behalf of the board
R.A.D. Wilson
P.F. Rebel
Directors

Directors: M.W. Hewarden (Chairman), R.A.D. Wilson (Deputy chairman), V.G. Bray, W.D. Clough, D.J. Crowe, B.E. Hersov, D.M.S., G.J. Jonker, Clive S. Menell, P.F. Rebel
Alternate directors: P.W.J. Coenen, M.J. Dumpleton, P.E. Gassner, P. McKenna

18 April 1990

COMMODITIES AND AGRICULTURE

Jeddah meeting makes world oil markets nervous

By Steven Butler

WORLD OIL prices yesterday posted modest declines as markets nervously awaited the outcome of a meeting in Jeddah between the oil ministers of Saudi Arabia, Kuwait and the United Arab Emirates.

The ministers agreed to meet following last week's sharp fall in oil prices. However, discussions were not due to start until after sunset because of the Moslem holy month of Ramadan, in which a dawn-to-dusk fast is observed.

Oil prices rose in the morning on expectations that the three ministers would take action to drain excess supplies out of the market, but they later declined. North Sea Brent crude for June delivery was off 23½ cents in European trading to close at $16.75. At the New York Mercantile Exchange, June futures for West Texas Intermediate Crude were down 20 cents at $18.47 in midday trading.

Mr Hisham Nazer, the Saudi minister, had earlier expressed strong concern about the swift decline in oil prices and called for Opec members to adhere to the production ceiling and quotas.

Opec is currently producing about 24m barrels per day, compared with a production ceiling agreed last November of 22m b/d. Analysts said that a cut of about 2m b/d would be needed to restore balance to the markets. A collective cut of this magnitude could be made by the three countries meeting in Jeddah, each of which could still be left producing up to its Opec quota.

Saudi Arabia, however, is unlikely to sacrifice its market share alone and would probably insist on firm commitments from other Opec members before reducing its own oil sales.

Traders said the vast oversupply of oil made for a bearish outlook on prices, but that traders were unwilling to commit themselves before knowing the outcome of the meeting in Jeddah.

Markets were also nervous in advance of last night's release of US stock data from the American Petroleum Institute. Last week's reported stock increase of 8.1m barrels produced a sudden collapse in price the next morning which was turned around only after Opec ministers hinted that they would take action. The API data comes out after the close of the futures trading, although prices can move immediately in the cash market.

Several Opec ministers have expressed willingness to convene a full emergency conference of all 13 members in an effort to shore up the market. However, this is thought to be opposed by some of the big producers in the Gulf.

The ministers are scheduled to meet on May 25 for a full conference.

EC debates relaxing pig farming curbs

By Tim Dickson in Brussels

THE European Community's veterinary management committee – comprising representatives from the 12 EC member states and the European Commission – was last night considering whether to ease the restrictions on Belgian pig farmers imposed in the wake of the country's serious outbreak of classical swine fever.

Protests have been voiced by local producers who claim that their livelihood is at stake. But while the committee will be conscious of such pressures, officials in Brussels are concerned to ensure that any relaxation of measures will not risk a spread of the disease.

The Belgian situation is being watched closely by other EC countries in view of controversial plans to dismantle vet controls at borders after 1992 providing animal diseases such as swine fever are eradicated.

Representatives on the committee heard yesterday that 50,000 pigs have now been slaughtered in the areas within one kilometre of the 61 infected farms. Belgian officials expect that a further 50,000 will be killed by the end of this week thus achieving their target in the "protection" zone.

So far no pigs have been slaughtered in the "surveillance" zone (immediately round the protection zone) because the authorities wanted to use all their facilities to deal with the problem in the immediate crisis areas. The EC has agreed to pay compensation more or less at market prices in these surveillance zones.

The main controversy, however, surrounds the large buffer zone which covers about 70 per cent of Belgium's pig production and where all movement and slaughter of animals has been prohibited. No outbreak has been reported in this zone in the 24 days since the restrictions were imposed, which has raised hopes among some producers that ways may be found to ease their situation. The meeting is expected to continue today.

Brazilian aluminium pushes up stock levels

By Kenneth Gooding, Mining Correspondent

BRAZILIAN aluminium is flooding into London Metal Exchange warehouses at a record rate. The unprecedented flow of metal advanced LME aluminium stocks last week by 34,150 tonnes to 134,875 tonnes – a 34 per cent increase and the biggest weekly change.

This follows the 25 per cent rise in aluminium inventories reported by the LME on Monday last week. LME stocks of the metal are at the highest level for nine months.

Aluminium has been pouring out of Brazil since the new president, Fernando Color de Mello, introduced anti-inflationary policies on March 15. This forced Brazil's primary aluminium producers to turn their metal quickly into cash by exporting it.

Marc Rich, the Swiss trading group confirmed yesterday that 120,000 tonnes of Brazilian aluminium had been shipped to Rotterdam and 60,000 tonnes deposited in LME warehouses there.

He said more Brazilian aluminium was on its way but suggested the initial amount which was exported after President Color's action was unlikely to be repeated.

Brazil produced about 890,000 tonnes of primary aluminium last year or 6 per cent of western world supply, according to estimates by the Shearson Lehman Hutton, the financial services group. As domestic demand has virtually halted, in theory Brazil's industry has 17,000 tonnes of aluminium a week to export.

The London market had been expecting another big LME stocks increase and the price of aluminium for delivery in three months, which dropped quickly to $1,465 a tonne after the LME's stock report early yesterday, recovered virtually all lost ground to end the day only $4 a tonne below last Thursday's close at $1,493.50. The spot price ended $2 down at $1,476.50 a tonne.

Last week the aluminium spot price dropped by $59.50 and the three-months delivery price by $40. The cash price, which had been above the three-month price (or in backwardation) fell below that of three-months metal for the first time in months, a situation which is regarded as normal in that forward purchases avoid the costs of storing physical metal. Backwardation generally reflects concern about the availability of supplies for immediate delivery.

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium high grade	+34150	to 134,875
Copper	−650	to 54,575
Lead	+950	to 30,725
Nickel	−258	to 7,476
Zinc	unch.	to 45,950
Tin	−135	to 11,065

A bitter sweet time for sugar-beet growers

Farmers enjoy a rare Easter holiday while British Sugar faces an uncertain future

For the first time in years most farm staff had a few days off over Easter. I do not point this out because I begrudge them an opportunity to join the first traffic jams of spring. I mention it because of the frustrating and expensive regularity of weather patterns which almost always seem to dictate that whenever Easter weekend falls the land is right to plant sugar-beet. But not this year.

This year March was so warm and the soil so dry that we began planting in mid-month several days ahead of the recommended optimum. A little over a week later the job was completed and before the end of the month, for the first time in my recollection, the earliest plantings had germinated and emerged. It seemed almost too good to be true.

Indeed so it has turned out. Since the beginning of April there has been a succession of frosty nights and cold days which have inhibited growth. Furthermore the effects of the low temperatures on the small plants may lead to "bolting" – running up to seed instead of growing good roots as spring turns to summer.

There is also an increasing problem of a lack of rain. The Easter showers may have been sufficient to spoil the enjoyment of those who ventured out but they did little to correct the moisture deficit which already exceeds four inches in some areas of southern and eastern England.

Even so, most farms where sugar-beet is grown will have had enough rain over the weekend to ensure that any late planted seeds will grow. And although crops could have done without those April frosts, widespread early planting and the resulting longer growing season means that prospects for UK sugar-beet yields this year remain essentially good.

That should lead to a good year for British Sugar, the monopoly processor of all the sugar-beet grown in Britain and the cash cow of Berisford International, which last month declared itself for sale.

Who will buy? Like the City, farmers sit on the sidelines and await developments.

Although British Sugar is now part of a public company it was until only eight years ago almost an agricultural institution with the Government holding 24 per cent of the shares. A few years before that, the government holding had been 35 per cent.

But in 1982, the then Minister of Agriculture Peter Walker decided to complete the privatisation of the company and Berisford which had prospered during the commodity boom of the 1970s was the successful bidder for the Government's shares. The company became 100 per cent owner of British Sugar paying a total of just over £240m.

Four years later, British Sugar was once again the subject of speculation as firstly Hillsdown Holdings, then Tate & Lyle and Ferruzzi, the Italian conglomerate, attempted to take it over. Hillsdown withdrew when the bids were referred to the Monopolies and Mergers Commission while Tate and Ferruzzi fought it out to the last, only for both to be turned down by the MMC.

Tate was rejected because it would have had an almost total monopoly of the sugar trade, both beet and cane-based, in the UK and Ferruzzi because in the context of the EC it already controlled substantial sugar interests in Italy and France. Both bids, said the MMC, might be expected to operate against the public

FARMER'S VIEWPOINT

By David Richardson

interest.

Then in 1987, Associated British Foods built up a 23.5 per cent shareholding in Berisford by buying Ferruzzi's stake. Its subsequent takeover bid was cleared without reference to the MMC. But the collapse in world share prices in October 1987 led ABF to reconsider – and then to withdraw – its offer.

Now Berisford is once again up for grabs. The farmers who grow the sugar-beet which must all be sold to British Sugar for processing wonder what will happen next.

The terms of the sugar-beet contracts between farmers and British Sugar are set out in a inter-professional agreement negotiated on growers' behalf by the NFU. The basic price per tonne of sugar-beet is also controlled across Europe by the EC. Nevertheless, the management of British Sugar's 12 UK factories and certain aspects of returns to growers are in the hands of the monopoly processor. The relationship between the company and growers has deteriorated in recent years.

Most recently, this has been demonstrated by British Sugar's refusal to pay what growers believed was a reasonable allowance for the byproduct of beet processing, the pulp – used for animal feed. The NFU took the case to arbitration and the arbitrator found in favour of farmers to the tune of £3.5m – a sum still to be paid to growers on account of sugar-beet delivered to factories last autumn.

A further £1.78m is also due to growers for out-of-quota sugar, known as C sugar, sold in-house by British Sugar to J H Rayner, another Berisford subsidiary, at prices lower than those ruling on world markets at the time.

In short, many sugar-beet growers have become disillusioned with Berisford and will not be sorry to see a change of owner for British Sugar. The list of possibles is long and involved.

Among the highest profile suitors, however, Tate & Lyle appears to be favourite and has already been approached by Berisford. Tate is reported to have consulted the Office of Fair Trading to establish whether it might be rejected again on monopoly grounds.

Ferruzzi has also been reconsidering the situation but has said that for the moment it would not purchase more than 15 per cent of Berisford's shares. At present it is thought the company has none.

Associated British Foods still has its 23.5 per cent of Berisford shares and obviously could still figure in any deal that may be done. Larry Goodman, the Irish entrepreneur who controls the major part of Ireland's beef industry, has also raised his interest in Berisford to more than 13 per cent.

During the last abortive takeover battle for British Sugar, there were tentative moves by farmers to take control of the company. Co-operatives own such processing facilities in a number of EC countries and some UK sugar-beet growers believed that they should do the same if only to stop apparently perennial takeover fever disrupting operations yet again. Nothing came of the moves mainly because of the difficulty in raising the necessary £400m.

There seems little activity in that direction this time, however, and the value of British Sugar is now estimated at something over £700m. Meanwhile most beet growers hope that after whoever eventually obtains British Sugar, there will be a period of stability in which executives can concentrate on running an efficient operation that is fair to farmers.

The groundswell of interest in water saving

Montague Keen looks at the increasing importance of irrigation for crop producers

Saving water for more efficient food production has become almost an obsession.

Experts agree that most of the increase in food output in the developing countries must come from irrigated land. Nine tenths of this land is still surface flooded in a way which is usually wasteful of water and inefficient in crop production. Not surprisingly, therefore, many of the papers presented at last month's Tel Aviv international irrigation conference were concerned with saving, and re-using sewage water, and of encouraging a switch from low-tech low productivity surface to high tech, intensive sprinkler or trickle.

With ironic timing, the conference coincided with reports of an impending 23 per cent increase in charges to Israeli farmers for irrigation water. This went with a 16 per cent reduction in their allocation, as the level of the country's chief reservoir, variously known as lake Tiberias, Galilee or Kennerset, sank to a record low at the end of the rainy season and the start of peak demand.

Israel's experience in guiding ill-educated farmers in the fertile Jordan valley to switch into the trickle system provided delegates from scores of thirsty countries with evidence of what was possible.

One of Israel's leading agricultural economists, Mr Dan Rymon, told how traditional Arab framers had raised output tenfold and increased net income by an even greater figure without disrupting long-established land, tenurial or water rights. His conclusion that rapid provision of mature technology to a framing community, as opposed to a step-by-step approach, is an option, even when much of the infrastructure may be lacking.

Mr Rymon has already convinced World Bank advisers that this is both an economically justified and a socially acceptable way to overcome shortages of relatively high-value food crops in the growing metropolitan areas of many developing countries.

Some 4000 largely illiterate Bedouin families in four West Bank villages were involved. They had been raising one crop of winter vegetables annually for subsistence and local sale. They were taught how to make small earth-bound reservoirs, use plastic sheeting for mulching and tunnels, install drip irrigation pipelines taking nutrient enriched or fertigated water to the crops and to grow two crops a year of higher and more consistent quality, and so create a thriving export market in neighbouring Arab countries. In spite of a tenfold average increase in total output, total water consumption was unchanged.

Other studies presented to the conference, held in conjunction with Israel's triennial Agritech Show, strongly supported the conclusion that, using the criteria usually employed by economists, notably the internal rate of return on invested capital, rewards were handsome. Even a 45 per cent fall in market prices would leave producers with an acceptable 25 per cent return.

The leap into a higher-tech standard did not create unemployment, Mr Rymon pointed out. In fact, not only did an increase in farmers' income by a factor of 13 to 15 generate much local prosperity, but the higher volumes of both inputs and outputs and greater demands on marketing facilities, created new employment.

The mounting shortage of water in Israel is especially acute in the over-pumped coastal aquifer serving the densest population. Normally it is re-charged artificially during winter from the Jordan-fed waters of Tiberias. Not this year, however. So all Tel Aviv's treated sewage is to be recycled through crops. Already 15 per cent of Israel's irrigation water comes from domestic sewage plants. By 2,000 it will be 25 per cent.

The application aspects of this often difficult operation were the subject of several papers. Secondary or tertiary treated water clogs the narrow orifices of trickle emitters. That creates major problems for irrigation farmers unable to pre-filter out all organic matter. Some manufacturers of these small intricately designed centrepieces of the irrigation network claim to have solved the problem, without obliging the farmer to pump chlorine down the lines periodically, or de-clog by pressurised surges of water.

The latest generation of emitters have solved the second most troublesome limitation in the system. Normally, the longer the pipe, the lower the pressure, as water oozes out every foot or so. Almost microscopic pressure compensation features have been introduced to ensure the delivery of equal quantities of water for plants even on undulating ground and over long distances.

Associated with this are the hazards of using brackish or saline water, vast quantities of which are now known to exist beneath the surfaces of many arid regions, not least in Israel's Negev desert. While geneticists and plant breeders are seeking more salt-tolerant plants for commercial production in these areas, irrigation experts are establishing the limits of using salty water without serious damage to the crop.

A number of papers showed that mixing saline and fresh water in different proportions at different crop growth stages could allow producers to use water previously considered unsuitable.

MARKET REPORT

COCOA prices went into reverse in London after last week's sharp gains. The July contract closed £29 a tonne down at £864. "This seemed to be a techically led sell – off with pressure mainly on September and December...physicals were dead today," one trader said. New York cocoa was trading well down by mid-day after an early short-covering rally petered out. London robusta coffee prices were steady. The failure of Brazil to open coffee export registrations on Monday was mildly supportive. Some market traders believe registrations might be opened later this week. "As long as it happens fairly soon, it is not going to have much effect," said one. On the LME copper prices closed down after erratic trading in sympathy with Comex. The market now seems decidedly bearish after breaking a recent chart uptrend line at about $2,510 a tonne, analysts said. It now seems likely to retreat to test a support base around $2,430. Many physical traders now appear wary and reluctant to take up fresh positions after the wild fluctuations of recent weeks. Gold eased in London after trading in a tight range in a market lacking any concrete direction.

Compiled from Reuter

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.10-4.15x	-.275
Brent Blend	$16.72-6.78x	-.225
W.T.I. (1 pm est)	$18.40-8.45x	
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$213-215	+1.5
Gas Oil	$158-159	
Heavy Fuel Oil	$77-79	+2
Naphtha	$158-160	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$374	-1.25
Silver (per troy oz)♣	507c	-4
Platinum (per troy oz)	$479.25	-3.35
Palladium (per troy oz)	$128.50	-0.45
Aluminium (free market)	$1465	-30
Copper (US Producer)	124c	-1
Lead (US Producer)	50c	
Nickel (free market)	400c	-10
Tin (Kuala Lumpur market)	17.25r	+0.04
Tin (New York)	305c	-1
Zinc (US Prime Western)	83c	-½
London daily sugar (raw)	$359.6t	-11.6
London daily sugar (white)	$444.5t	-5.5
Tate and Lyle export price	£341.5	-0.5
Barley (English feed)	£105u	
Maize (US No. 3 yellow)	£137.5t	
Wheat (US Dark Northern)	£119y	
Rubber (May)♥	56.25p	
Rubber (Jun)♥	56.75p	
Rubber (KL RSS No 1 May)	228.0m	-1.5
Coconut oil (Philippines)§	$355z	
Palm Oil (Malaysian)§	$265	
Copra (Philippines)§	$245y	+15
Soyabeans (US)	£165	+1
Cotton "A" index	83.15c	+0.05
Wooltops (64s Super)	562p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Jun. t-May/Jun. u-Aug. v-Apr/Jun. w-Apr/May. z-Jun/Jul y-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	332.00	340.60	335.40 331.20
Aug	341.80	348.80	344.40 340.00
Oct	334.00	341.60	336.00 333.00
Dec	331.00	336.00	320.00
Mar	312.40	316.60	312.80 306.00
May	309.80		306.40
White	**Close**	**Previous**	**High/Low**
Aug	437.0	443.0	437.0 434.0
Oct	409.0	414.5	411.0 408.5
Dec	396.0		397.0 394.0
Mar	392.0	397.5	393.0 391.0

Turnover: Raw 4079 (2677)lots of 50 tonnes. White 701 (1165)
Paris- White (FFr per tonne): Aug 2485, Oct 2310, Dec 2250, Mar 2245, May 2235

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Jun	16.75	16.95	17.25 16.72
Jul	17.24	17.20	17.60 17.20
Aug	17.57	17.74	17.80 17.55
IPE Index	17.03	16.48	

Turnover: 4007 (6881)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
May	154.75	154.25	157.75 154.25
Jun	151.00	151.25	154.00 150.50
Jul	151.75	152.00	155.00 151.00
Aug	153.75	154.00	157.50 153.25
Sep	156.25	156.25	157.50 155.50
Oct	158.50	158.75	160.50 157.50
Nov	161.00	159.00	162.25 158.00
Dec	161.75	160.50	163.00
Jan	162.25	160.50	164.00 158.50

Turnover 4964 (6873)lots of 100 tonnes

JUTE
April/May c and f Dundee BTC $570, BWC $600, BTD $550, BWD $560; c and f Antwerp BTC $560, BWC $590, BTD $535, BWD $525.

COTTON
Spot and shipment sales for the week commencing April 9th amounted to 211 tonnes against 405 tonnes in the previous week. Moderate trading occurred with support for west African, east African and American growths.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
May	860	877	870 846
Jul	864	893	883 861
Sep	878	909	900 875
Dec	898	929	918 892
Mar	911	949	940 908
May	920	962	945 920
Jul	935	975	963 953

turnover: 6348 (9064) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 12 1050.61 (1064.16) 10 day average for Apr 16 1000.80 (989.05)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
May	715	722	740 712
Jul	712	710	725 710
Sep	723	718	733 730
Nov	738	734	745 737
Jan	750	747	755 749
Mar	763	761	765

turnover: 2250 (2167) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 16: Comp. daily 77.44 (76.56). 15 day average 74.92 (74.58)

POTATOES – BFE £/tonne

	Close	Previous	High/Low
May	233.9	250.0	248.0 232.0
Nov	105.0		100.0
Apr	150.0	163.0	156.0 148.5

Turnover 260 (509) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Aug	124.50	124.50	124.50
Oct	128.00	127.50	128.00 127.50

Turnover 25 (37) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Apr	1428	1445	1435 1425
May	1426	1450	1445 1425
Jul	1281	1295	1290 1281
Oct	1385		1390 1390
BFI	1447	1468	

Turnover 137 (72)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
May	114.80	114.35	114.95 114.75
Jun	116.80	116.30	116.90 116.80
Nov	111.35	111.25	111.50 111.35
Barley	**Close**	**Previous**	**High/Low**
May	104.75	104.75	105.00 104.75
Nov	110.20	110.10	110.30
Jan	113.45	113.35	113.50 113.45

Turnover: Wheat 110 (193), Barley 32 (122).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	125.0		124.0
Jun	122.5	122.5	122.2
Oct	119.0		118.5
Nov	118.5	118.5	118.0

Turnover 16 (36) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 11,375 tonne
Cash	1474-9	1498-500		1460-1		
3 months	1482-5	1504-5	1500/1465	1479-80	1466-8	42,217 lots
Copper, Grade A (£ per tonne)						Ring turnover 72,375 tonne
Cash	1645-8	1625-30	1665/1650	1663-5		
3 months	1550-1	1567-9	1567/1538	1565-7	1548-9	77,814 lots
Lead (£ per tonne)						Ring turnover 6,025 tonne
Cash	486-7	498-500	493/487	492-3		
3 months	483-4	498-50	490/480	483-5	486-8	10,384 lots
Nickel ($ per tonne)						Ring turnover 2,372 tonne
Cash	8650-700	8850-900	8700/8675	8650-75		
3 months	8450-60	8550-75	8500/8450	8425-50	8450-500	7,897 lots
Tin ($ per tonne)						Ring turnover 600 tonne
Cash	6480-500	6480-90	6500	6500-10		
3 months	6580-600	6580-90	6600/6540	6610-20	6580-600	6,353 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 6,500 tonne
Cash	1637-42	1640-5		1646-8		
3 months	1583-5	1586-90		1586-7		18,046 lots

LME Closing £/$ rate: SPOT: 1.6295 3 months: 1.6032 6 months: 1.5756 9 months: 1.5540

LONDON BULLION MARKET

Gold (fine oz) $ price		£ equivalent
Close	373¼-374¼	229¼-228¾
Opening	373¼-374¼	229¼-229
Morning fix	373.85	229.538
Afternoon fix	374.00	229.448
Day's high	374½-375	
Day's low	373¼-373¾	
Coins	**$ price**	**£ equivalent**
Maplelea	382-387	234½-237½
Britannia	382-387	234½-237½
US Eagle	382-387	234½-237½
Angel	382-387	234½-237½
Krugerrand	373-376	228¾-230¾
New Sov.	88½-89¾	54½-55¼
Old Sov.	87¾-89¼	53¾-54¼
Noble Plat	484.00-491.85	297.75-302.45
Silver fix	**p/fine oz**	**US cts equiv**
Spot	310.70	506.50
3 months	322.30	516.95
6 months	334.75	527.10
12 months	359.45	549.85

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	July	May	July
1400	89	114	2	20
1500	19	54	30	59
1600	1	21	112	126
Copper (Grade A)	**Calls**		**Puts**	
2450	136	124	14	87
2550	68	79	46	140
2650	25	47	105	205
Coffee	**May**	**Jul**	**May**	**Jul**
650	65	70	0	16
700	16	40	5	38
750	1	29	38	69
Cocoa	**May**	**Jul**	**May**	**Jul**
800	49	80	0	18
850	6	49	7	37
900	0	29	61	67
Brent Crude	**Jun**	**Jul**	**Jun**	**Jul**
1750	30		64	
1800	17	54		
1850				

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	375.2	373.2	375.8	373.8
May	376.4	378.5	0	0
Jun	378.8	379.9	379.5	376.9
Aug	383.5	383.6	384.4	381.5
Oct	388.3	388.4	388.0	387.5
Dec	393.0	393.1	393.4	391.6
Feb	397.8	398.0	0	0
Apr	402.6	402.7	401.7	401.7
Jun	407.7	407.8	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	478.1	478.3	479.5	476.0
Jul	483.1	484.8	485.0	482.1
Oct	489.6	490.3	490.0	488.0
Jan	494.6	496.3	0	0
Apr	500.7	502.4	0	0
Jul	506.7	508.4	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	508.5	505.8	505.0	505.0
May	510.8	507.3	513.0	504.0
Jun	515.0	511.7	0	0
Jul	519.1	515.8	521.3	512.2
Sep	527.7	524.5	528.5	522.0
Dec	539.7	536.1	540.0	533.0
Jan	543.4	539.7	0	0
Mar	551.5	547.8	549.0	546.0
May	559.7	555.8	0	0
Jul	568.1	563.9	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	118.00	119.50	119.50	117.25
May	116.25	116.60	117.10	114.60
Jun	112.50	112.50	111.50	111.50
Jul	108.50	109.30	110.30	107.80
Aug	107.30	107.20	107.50	107.50
Sep	105.70	105.50	106.30	104.80
Oct	104.50	104.30	0	0
Nov	103.30	103.10	0	0
Dec	102.30	102.00	102.50	101.75
Jan	101.60	101.20	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	17.39	17.85	18.14	17.85
Jun	18.40	18.67	19.00	18.33
Jul	19.05	19.28	19.59	19.05
Aug	19.46	19.57	19.86	19.42
Sep	19.71	19.77	20.08	19.70
Nov	19.96	19.86	20.13	19.96
Jan	19.85	19.84	20.06	19.84

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5395	5472	5535	5325
Jun	5110	5119	5170	5020
Jul	5095	5065	5130	5010
Aug	5180	5160	5205	5120
Oct	5350	5378	5380	5350
Nov	5435	5456	5485	5435
Jan	5560	5566	5630	5550

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1239	1302	1295	1268
Jul	1285	1328	1319	1260
Sep	1301	1345	1332	1298
Dec	1317	1363	1348	1313
Mar	1331	1376	1356	1330
May	1344	1394	1375	1342
Jul	1363	1405	1375	1372

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	95.98	96.85	96.90	95.50
Jul	97.86	98.95	98.90	97.40
Sep	99.75	100.62	100.70	99.10
Dec	102.10	102.76	102.75	101.75
Mar	104.40	105.25	104.50	104.50
May	105.85	106.67	0	0
Jul	108.00	109.50	0	0
Sep	110.25	111.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	14.82	14.96	15.14	14.97
Jul	15.22	15.20	15.37	15.17
Oct	14.97	14.94	15.07	14.91
Mar	14.21	14.17	14.25	14.13
May	14.04	14.01	14.04	14.02
Jul	13.90	13.85	13.50	13.90

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	74.05	74.07	74.45	73.72
Jul	73.80	73.70	74.15	73.44
Oct	68.38	67.57	68.60	67.82
Dec	66.10	65.60	66.20	65.70
Mar	66.75	66.48	66.87	66.57
May	67.06	66.80	67.10	66.85
Jul	67.00	66.63	67.00	66.95

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	195.20	195.90	196.40	193.80
Jul	193.85	194.70	194.70	193.60
Sep	188.85	190.00	189.50	188.75
Nov	181.80	183.00	181.80	181.00
Jan	175.55	176.50	176.00	175.50
Mar	175.25	176.25	175.00	174.50
May	174.75	175.75	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 17	Apr 12	mnth ago	yr ago
1929.9	1938.3	1933.0	2011.6

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr 16	Apr 12	mnth ago	yr ago
Spot	135.68	134.80	133.44	138.35
Futures	133.78	134.15	134.68	139.39

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	596/4	591/0	597/0	590/4
Jul	610/6	605/2	611/4	604/0
Aug	615/6	610/4	616/2	610/0
Sep	616/6	610/6	617/0	611/0
Nov	623/4	618/2	624/0	617/0
Jan	633/4	628/4	633/4	627/4
Mar	644/0	639/4	644/0	639/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	23.00	22.67	23.03	22.57
Jul	23.17	23.00	23.19	22.80
Aug	23.00	22.75	23.00	22.68
Sep	22.82	22.50	22.84	22.46
Oct	22.47	22.17	22.50	22.15
Dec	22.17	21.96	22.19	21.90
Jan	21.90	21.70	22.00	21.75
Mar	21.90	21.50	21.80	21.65

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	170.8	169.1	171.0	169.3
Jul	175.6	174.1	175.5	173.2
Aug	177.7	176.0	177.8	175.2
Sep	179.7	178.0	179.7	177.4
Oct	181.2	180.2	181.5	180.3
Dec	185.5	184.0	185.6	183.3
Jan	187.0	185.9	187.0	186.0
Mar	193.0	190.5	193.0	189.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	274/0	272/2	275/0	271/4
Jul	275/6	273/4	277/0	273/4
Sep	270/0	267/0	271/0	267/0
Dec	267/0	264/4	268/2	264/0
Mar	272/4	269/4	273/0	269/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	364/6	370/4	371/4	364/4
Jul	342/6	343/0	345/0	341/6
Sep	348/6	349/4	350/6	348/0
Dec	360/6	362/4	364/0	360/2
Mar	366/0	369/0	367/4	365/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	79.72	80.07	79.97	79.55
Jun	73.37	73.57	73.70	73.30
Aug	72.52	72.72	72.90	72.45
Oct	73.95	74.02	74.15	73.72
Dec	74.05	73.97	74.17	73.80
Feb	74.05	74.05	74.25	73.80

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	56.45	56.15	56.50	55.80
Jun	60.05	59.90	60.30	59.52
Jul	59.77	59.77	60.05	59.30
Aug	58.05	58.15	58.20	57.65
Oct	52.62	53.20	53.20	52.52
Dec	51.62	52.25	52.25	51.50
Feb	50.82	51.02	51.00	50.50

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	59.20	59.17	59.80	58.50
Jul	59.35	58.80	60.10	59.70
Aug	58.27	58.07	58.85	57.45
Feb	60.70	61.27	61.50	60.45
Mar	60.70	61.10	61.20	60.40

LONDON STOCK EXCHANGE

Nervous mood persists in the market

THERE WAS no relaxation in the nervous mood of the UK stock market yesterday as traders returned from their Easter weekend break to face another session of uncertainty not helped by the suspension of the shares of British &Commonwealth, the troubled UK financial services group.

Share prices continued to drift downwards in thin trading, and tested their nearest chart-sensitive levels before steadying at the close despite a lower opening on Wall Street.

New York's sluggish entry to the new session provided little encouragement ahead of the announcement today of the latest US trade figures. London had already been unsettled earlier by the fall in Tokyo equities over the weekend, which revived concern over the outlook for interest rates in Japan as well as in West Germany.

Domestic factors also unsettled equities, which were absorbing the data on domestic inflation and wage trends. Political uncertainty continued as the UK Government again made a poor showing in UK public opinion polls.

Shares tried to open firmer behind Wall Street's successful performances during the UK holiday. But there was little support, and gains were reversed. By early afternoon, the FT-SE Index was 8 points off at 2,213.8, near to the 2,211 mark regarded as an important testing level on the market charts and in a range last seen back in November.

The market then rallied, albeit somewhat unconvincingly, and the final reading on the FT-SE scale of 2,214.5, a net loss of 7.6 on the day, was still too close to the rocks for comfort. Seaq volume grew very slowly during the day and totalled only 258m at the close, compared with 323.2m on Thursday, the last trading session before the Easter holiday.

The Footsie futures market led equities downwards yesterday when the premium on the June contract narrowed as London anticipated New York's reaction to the US consumer price data for March. With Wall Street rallying to show a fall of 9 Dow points in London trading hours, UK equities were left to wait for today's US trade figures announcement.

Traders commented that the UK equity market remains in a technical situation, at the lower end of its current trading range but with few institutions seeking to sell stocks. The big investment houses remain attracted by the near 5 per cent dividend return available on UK equities over the twelve-month view but are cautious on near-term prospects.

"There is value out there, but in the short term we are constrained investment-wise by worries over interest rates and domestically by concern over the political and inflation outlook," was the view outlined by Mr John Reynolds, of the economics and strategy team at County NatWest.

Account Dealing Dates

*First Dealings:		
Apr 9	Apr 30	May 10
Option Declarations:		
Apr 26	May 10	May 24
Last Dealings:		
Apr 27	May 11	May 25
Account Day:		
May 8	May 21	Jun 4

*New time dealings may take place from 9.00 am two business days earlier.

Nurofen worry for Boots

Boots, the UK retail group and pharmaceutical manufacturer, came under pressure following claims in a UK daily newspaper that Nurofen, its pain-killing drug, could cause kidney failure. The report said a US study claimed that Ibuprofen, Nurofen's chemical compound, caused kidney failure in some patients tested at the John Hopkins University Hospital in Maryland.

Boots closed 4 lower at 251p after 3.3m shares had changed hands. The company said: "Nurofen has been on the market for more than 20 years and taken by millions. We have been continually monitoring it, and our results do not show the same findings as in this US report."

However, dealers said the slowness of Boots's response to the report had created a climate of unease in the market. One analyst said the report appeared to be the latest "banana skin" on which Boots had slipped.

But analysts were also sceptical of the US report. One commented: "Nurofen has been around for 21 years and it has been known that you do not prescribe it to patients with kidney problems." Another analyst criticised the small size of the sample involved in the study.

In any event, analysts said a decline in Nurofen's sales was likely, but they doubted whether that would seriously dent Boots's profits. One estimated that Nurofen accounted for less than 10 per cent of the company's profits.

Blacks down

Further evidence of the slowdown in the retailing sector came when shares in Blacks Leisure, the camping and sporting goods retailer, tumbled 18 per cent. Last week Blacks made a profits warning.

In early dealings, Blacks was off 27 per cent, but later recovered to close a net 11 down at 48p. The fall in the shares was particularly steep because the profits warning did not arrive until after the market had closed on Thursday for the Easter break.

Mr John Smith of UBS Phillips & Drew said: "This is just the latest in a long line of profit warnings from the stores sector, and it will not be the last." He added that the size of the decline in Blacks showed that the market was still not discounting the depth of the problems currently afflicting the sector.

Independent radio companies took a hammering after a warning from Yorkshire Radio that first-half profits to the end of March will be substantially below those in the corresponding period of last year. Yorkshire's shares plummeted to 77p before closing a net 50 down at 82p and dragged the prices of other leading independent radio companies down with them.

Yorkshire said its UK advertising revenue had fallen significantly, with total revenue for the first quarter of this year down by 17 per cent on the previous year.

In 1988/9 Yorkshire made pre-tax annual profits of £1.45m, up from £880,000 for 1987/8. Analysts were busy yesterday cutting their forecasts for the current year, which had been pencilled in at around the £1.75m mark.

Ms Jane Anscombe at BZW said she was looking for something around £550,000 for the first half, compared with the £674,000 the company made during the same period last year, although she emphasised that this was no more than guesswork.

Mr Roy Owens of Kitcat & Aitken said: "The market is having to come to grips with the concept of operational gearing in a sector which is suddenly showing a decline in revenue."

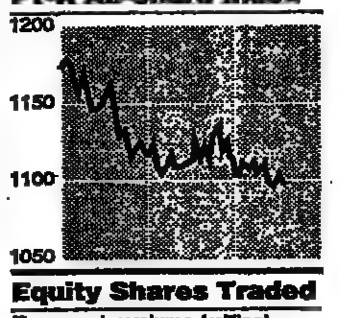
Radio City "A" lost 45 to 385p, after 353p, Chiltern Radio were 30 weaker at 180p, after 185p, Midland Radio touched 133p before rallying to close 4 down at 141p, Metro Radio dipped 7 to 128p, and Radio Clyde gave up 12 to 223p. Capital Radio ended 19 off at 135p, after 129½p.

Dealings in British & Commonwealth, the beleaguered financial services group, were suspended before the opening of trading after news that an administrator had been appointed at Atlantic Computer. B & C closed at 53p last Thursday.

B & C said it was writing off £550m for Atlantic, for which it paid in excess of £400m in 1988. B & C's preliminary results were expected later this month.

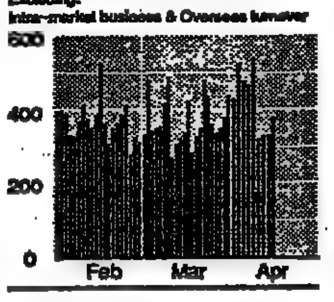
The B & C news reverberated throughout the banking sector, with dealers and analysts concerned about the banks' exposure to the computer group. One analyst said it was highly likely that the big banks would sustain losses because of Atlantic, but that the fallout would most definitely cast a shadow over the sector until the losses were quantified.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover



Also affecting the banks was a story that Morgan Stanley, one of the big US investment banks, had downgraded the sector.

Turnover in the banks remained very thin. Barclays fell 10 to 565p on 1.4m, Lloyds and Midland 6 apiece to 274p and 325p respectively, with each registering turnover of 1m shares, and NatWest 4 to 348p on 1.1m. Standard Chartered, on 184,000 shares, eased 7 to 527p and Royal Bank of Scotland dipped 4 to 178p.

Commercial Union shed 4 to 475p on 544,000 shares after the annual meeting: the chairman said the company had received claims totalling some £40m for the severe storms in January and February, and that the company's first-quarter results will include a charge of some £80m, resulting in an overall loss for the period.

It also emerged that CU has concluded a co-operation agreement with Japan's Tokio Marine and Fire Insurance, which it was said included a share swap agreement. Tokio Marine has acquired a 2.9 per cent stake in CU over the past year or so, dealers said, while CU has bought a 0.2 per cent share interest in Tokio over the same period.

Traders said CU would be looking at a big loss on the share purchase following the steep fall in Japanese share prices. Sun Alliance, the UK composite insurer, has a 14.5 per cent holding in CU.

With the international backcloth still troubled by concern over the outlook for interest rates in Japan and West Germany, the blue chip leaders moved nervously. A firm spot was again Reuters, which gained 5 to 1159p in spite of the opening weakness of the New York market.

BAT Industries eased 7 to 724p as investors waited cautiously to see how Axa-Midi, the French assurance group, reacts to the adverse regulatory ruling in California on its plan to acquire Farmers, BAT's US insurance division, if Hoylake successfully bids for BAT. Axa has said it will utilise most of the 30-day period permitted before formulating any appeal.

Crude oil prices staged a small rally after reports that three OPEC producers, Saudi Arabia, Kuwait and the United Arab Emirates, had met to try to determine ways of stabilising oil prices.

Brent for June delivery was some 30 cents a barrel firmer, with traders taking the view that crude oil levels were being defended. "But the fundamentals are still not great, and they will not improve until OPEC does something to limit production," said one dealer.

Regarding oil shares, he said prices had not fallen by much despite the downturn in crude oil prices. BP managed a minor gain at 319p on turnover of 3.8m, and Shell edged up similarly to 449p on 1.5m.

Shares in Cityvision, owner of Britain's leading chain of video film hire stores, closed unchanged at 107p after quiet trading. The next trading report from Cityvision, which increased profits from £5.4m to £12.5m in the year to November 1989, is expected to be the interim report for the current year, due in mid-July.

British Aerospace, which yesterday published its annual report, recovered an earlier fall to close a net penny up at 524p after it was announced that Honda Motor, the Japanese car maker, was to pay BAe subsidiary Rover Group £30m in cash as part of a cross-shareholding agreement.

Mr Brian Newman at Henderson Crosthwaite commented: "The £30m that Rover is to receive from Honda is likely to offset the (£38m in) sweeteners that BAe will need to repay to the UK Government." He added: "With the ending of the engineering unions strike, all the negative news that has been depressing the BAe share price is coming to an end."

Shares in McKechnie, the plastics and metal components manufacturer, retreated 12 to 230p after reporting a worse than expected fall in half-year figures. Vague bid talk was said to have kept the shares from falling even further.

Interim profits were down 17 per cent to £12.66m. The company said destocking was more severe than anticipated. Analysts at BZW said the results were disappointing and warned that "there are signs that destocking is coming to an end, but there are no signs that demand is picking up." BZW trimmed full year expectations by £5m to £30m in the light of the results.

But Mr Tim Bennett at Albert E. Sharp, the broker, thought that "the worst is probably in the price; aspects of the 1991 UK recovery will maintain interest in the shares."

Babcock closed 2¼ better at 49p after the company said its energy division was joining forces with Ahlstrom Pyropower of San Diego in the US to promote advanced combustion technology for Britain's next generation of clean coal-fired power stations. One analysts, however, pointed out that the news did not warrant the share price move and suspected that marketmakers had simply marked the price higher.

News of the appointment of Mr Andrew Teare, currently managing director of Rugby Group, as the new Chief Executive of ECC Group brought a cheer to the shares, up 12 at 370p. Mr Teare is said to be highly rated by city analysts hence the share price move. Shares in Rugby Group closed 4 lower at 155p.

Shares in USM-quoted Harding Group were in demand and added 9 to 40p.

Klark-Teknik, the Kidderminster-based group which designs, manufactures and markets specialist electronics sound processing equipment, raced up to 85p, the price at which the shares were originally placed on the Unlisted Securities Market in November 1984, before settling a net 14 up at 75p. This followed the announcement that the company was in talks which could lead to a bid for the group.

Amstrad was the heaviest traded stock in the electronics sector, the shares adding 2½ at 75½p on turnover of 7m. The shares were boosted, specialists said, by the better than expected results from US computer manufacturer IBM, and a continuation of the recent recovery highlighted by a number of broking firms, including Kleinwort Benson and James Capel, in recent weeks. The rise in Amstrad was accentuated by a stock shortage.

Hillsdown posted the largest price gain of the FT-SE 100 stocks yesterday, adding 6 at 236p, as Hoare Govett bought just over 400,000 shares. The buying came just as the supply of stock which had flowed into the market last week dried up, creating a squeeze. Hoare's purchase was said not to be on behalf of Hillsdown itself, as some dealers had believed.

Hobsons Publishing, the educational book publisher, responded to a recommended offer of 255p cash per share from Daily Mail and General Trust with a jump of 60 to 250p. There is also a loan notes alternative for shareholders to consider.

The company fell into the red last year and warned of serious management and financial problems. Commenting on the offer, an analyst said: "Hobsons had run into problems and did not have the size or resources to get out of them. DMGT provides this."

Property company Helical Bar rose 11 to 250p ahead of today's final results. A buy recommendation from County NatWest pushed the shares higher.

■ Other Market statistics, including the FT-Actuaries share index, Page 28

FINANCIAL TIMES STOCK INDICES

	April 17	April 12	April 11	April 10	April 9	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	75.88	76.31	76.70	76.67	77.20	88.20	84.20 (2/1)	75.88 (17/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	85.69	85.85	85.76	85.96	88.00	97.05	92.91 (8/1)	85.12 (23/3)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1736.3	1741.0	1733.3	1732.5	1742.3	1691.0	1968.3 (3/1)	1732.5 (10/4)	2008.6 (5/8/89)	49.4 (26/6/40)
Gold Mines	250.6	243.8	249.0	254.8	257.4	192.5	378.5 (6/2)	248.8 (12/4)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2214.5	2222.1	2215.5	2217.5	2227.7	2053.6	2463.7 (3/1)	2214.5 (17/4)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.15	5.13	5.16	5.16	5.14	4.59				
Earning Yld %(full)	11.90	11.86	11.92	11.93	11.87	11.13				
P/E Ratio(Net)(☆)	10.21	10.24	10.19	10.18	10.23	10.85				
SEAQ Bargns 4.45pm	19,214	19,596	16,961	19,993	21,968	31,527				
Equity Turnover(£m)†	-	1029.66	1406.15	577.54	590.63	1615.51				
Equity Bargains†	-	20,012	19,286	20,391	24,208	33,046				
Shares Traded (ml)†	-	383.2	332.6	323.1	316.5	627.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55 Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.11

Ordinary Share Index, Hourly changes Day's High 1745.1 Day's Low 1736.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1743.2	1741.8	1741.6	1744.6	1744.1	1743.9	1742.4	1737.1	1737.5

FT-SE, Hourly changes Day's High 2225.7 Day's Low 2213.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2225.4	2222.3	2220.4	2224.9	2223.8	2223.5	2221.7	2215.1	2216.0

GILT EDGED ACTIVITY

Indices*	April 12	April 11
Gilt Edged Bargains	68.7	48.8
5 – Day average	71.1	74.4

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	534	185½	+2½	Cookson	656	165	-3½	MB Group	399	197	-1	Siebe	10	459	+1
ASDA Group	396	101	-1	Courtaulds	585	339	-1	MEPC	157	512	-5	Slough Ests.	31	300	-2
Abbey National	2,100	190	-1	Dalgety	558	379	+1	Manpower	208	83	-1	Smith (W H) A	179	283	+1
Allied-Lyons	723	427	-5	Dixons	611	115	-1	Marks & Spencer	1,100	199		Smith & Nephew	613	127¾	+½
Amstrad	7,000	75½	+2½	ECC Group	1,000	370	+12	Maxwell Comm.	385	155	-2	SmKl Beecham	1,200	499	-4
Anglian Water	910	141	-1	Enterprise Oil	10	602	-4	Mecca Leisure	1,200	68	-½	SmKl Beecham Units	100	2298	-32
Argos	5,800	203	-2	FKI	1,200	74	+1	Midland Bank	1,000	325	-6	Smiths Inds.	82	228	+1
Argyll Group	230	207		Ferranti	2,200	44½	-½	NatWest Bank	1,100	348	-4	South West Water	204	150	-2
Ass. Brit. Foods	763	390		Fisons	1,100	338½	+1½	Next	608	72		Southern Water	156	132	
BAA	712	379	-1	Gen. Accident	130	1007	-7	North West Water	858	141	+1	Standard Chartd.	184	527	-7
BAT Inds.	808	724	-7	General Elect.	3,300	196	+½	Northern Foods	35	257		Storehouse	461	115	+1
BET	677	220		Glaxo	2,900	810	-4	Northumbrian Water	515	156	+1	Sun Alliance	499	303	-2
BICC	205	430	+2	Globe Inv.	641	171		Pearson	38	675		Sun Life	37	1253	-2
BOC	675	515	-6	Glynwed Intl.	790	252	-3	P & O	234	574	+1	T&N	220	164	
BPB Inds.	189	230		Granada	304	255	-1	Pilkington	571	207	-1	TI Group	43	446	
BTR	635	422½	+½	Grand Met.	583	580	-5	Polly Peck Intl.	547	409	+1	TSB	1,200	131	-2
Barclays	1,400	565	-10	GUS A	64	935	-5	Prudential	1,500	187	-1	Tarmac	661	220	-1
Bass	132	939	-6	GRE	170	224	-1	RHM	211	362	-2	Tate & Lyle	284	277	-1
Beazer	552	145	+1	GKN	314	414	-4	RMC	761	816		Taylor Woodrow	132	250	+1
Berisford Intl.	137	141	-1	Guinness	271	647	-2	RTZ	377	540	-1	Tesco	1,000	201½	-½
Blue Circle	427	216		Hammerson 'A'	74	751	-4	Racal	1,900	189	-3	Thames Water	374	131	-1
Boots	3,300	251	-4	Hanson	4,950	230½		Racal Telecom	820	345	-4	THORN EMI	769	632	
Brit. & Comm.	0	53		Hanson Warrants	357	54	-1	Rank Org.	400	739	-1	Trafalgar House	376	321	-2
Brit. Aerospace	508	524	+1	Harrisons Cros.	272	156	+1	Reckitt & Colman	155	1143	+3	Trusthouse Forte	372	261	-1
British Airways	985	207½	+1½	Hawker Sidd.	204	604	+3	Redland	93	561		Ultramar	580	352	-8
British Gas	3,600	209		Hillsdown	1,600	236	+6	Reed Intl.	502	389	-1	Unigate	257	284	
British Land	368	365	-4	IMI	194	230		Reuters	632	1159	+5	Unilever	530	642	+1
BP	3,800	319	+2	ICI	1,200	1069	-6	Rolls Royce	3,400	187½	-2½	United Biscuits	384	322	-1
British Steel	1,830	142½	+½	Inchcape	352	254		Rothmans	82	639	-8	Utd. Newspapers	29	344	-1
British Telecom	2,000	266		Kingfisher	100	339	-1	Ryl Bk Scotland	280	178	-4	Water Package Uts	3	£1390	-20
Bunzl	105	180	-1	Ladbroke	336	289	-1	Royal Insurance	341	461	-7	Wellcome	56	687	-1
Burmah Oil	16	622	-1	Land Securities	139	482	-4	STC	1,600	266	-3	Welsh Water	115	164	-1
Burton	1,100	160	+1½	Laporte	23	538	-1	Saatchi	152	118	+1	Wessex Water	276	140	
Cable & Wire.	2,000	513	+4	Legal & General	432	362	-6	Sainsbury	594	250	-2½	Whitbread 'A'	342	377	-5
Cadburys	686	330	+3	Lloyds Abbey	132	301	-1	Scottish & New.	300	295	-2	Williams Hldgs.	92	283	-2
Calor Group	116	385	-1	Lloyds Bank	1,000	274	-6	Sears	2,100	89	-2	Willis Faber	189	270	+1
Carlton Comms.	918	534	-9	LASMO	1,600	579	-8	Sedgwick	65	249	-1	Wimpey	74	234	
Coats Viyella	436	120	-1	Lonrho	795	259	-2	Severn Trent Water	1,100	131½	-½	Yorkshire Water	383	167	-3
Comm. Union	544	474	-6	Lucas	30	603	+1	Shell Transport	1,500	449	+3				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (26).
BRITISH FUNDS (1) AMERICANS (2) BANKS (1) BUILDINGS (1) CHEMICALS (1) ELECTRICALS (4) FOODS (1) INDUSTRIALS (8) Baynes (Charles), Bowater 7.75pc Cv. Pf., Havelock Europa, Hutchison Whampoa, Jardine Hldgs., Metal Closures, St. Gobain, Trielus, INSURANCE (1) TRANSPORT (1) TRUSTS (3) THIRD MARKET (1).
NEW LOWS (197).
BRITISH FUNDS (19) INT.BANK & O'SEAS GOVT. STLG. ISSUES (4) FOREIGN BONDS (1) AMERICANS (1) CANADIANS (5) BANKS (5) BREWERS (4) BUILDINGS (17) CHEMICALS (2) STORES (11) ELECTRICALS (12) ENGINEERING (4) FOODS (6) HOTELS (1) INDUSTRIALS (26) Airley, BTS, Baniox, Bespak, Boots, British Bloodstock Agency, Co. of Designers, Copymore, De La Rue, Elsco, Erskine House, Do. 7¼pc Pf., Flexello Castors & Wheels, Gieves, Granada 7½pc Nat Cv., MB, Norton, Oriflame, Page (Michael), Photo-Me, Porth, SAC Intl., Southern Business, T & N, Wyndham, INSURANCE (2) LEISURE (15) MOTORS (1) NEWSPAPERS (2) PAPERS (3) PROPERTY (11) TEXTILES (6) TOBACCOS (1) TRANSPORT (4) TRUSTS (8) WATER (6) OILS (2) OVERSEAS TRADERS (1) MINES (11) THIRD MARKET (1).

APPOINTMENTS

Redland management changes

REDLAND has made the following management changes from May 1. Mr Ian Reid, *(left)* deputy managing director of Redland Aggregates, is promoted to managing director, succeeding Mr George Phillipson who becomes chairman. Mr Stuart Meier, *(right)* deputy managing director of Redland Bricks, is promoted to managing director, succeeding Mr Peter Johnson, who becomes chairman. Mr Kevin Abbott, chief executive of Redland Roof Tiles, becomes chairman, and Mr Philip Margrave continues as managing director.

■ Mr Michael Dixon has become managing director of MOUNT ISA HOLDINGS (UK), a subsidiary of the MIM minerals and metals group of Australia. He replaces Mr Peter Slaughter who has returned to MIM's head office in Brisbane as general manager – business development. Mr Dixon is MIM's senior representative in Europe where the group's presence has also been augmented by the appointment of Mr Carl W Hoffmann as general manager - Europe.

■ FUND RESEARCH has appointed Mr Richard Nicholas as research director and Ms Linda-Jane Coffin as research manager. Mr Nicholas was head of the unit trust discretionary service at Laing & Cruickshank Investment Management; and Ms Coffin was research manager with Matheson Investment Management.

■ Mr Miller McLean, group secretary of THE ROYAL BANK OF SCOTLAND GROUP, has been promoted to the new post of assistant director, legal and administration. He is succeeded by Mr Kennedy Foster, former deputy group secretary.

■ Mr John Sadler has been appointed non-executive deputy chairman of AUSTRALIAN MUTUAL PROVIDENT SOCIETY UK. He succeeds Mr D.A. Jamieson who has retired.

■ Mr Ray Carless has been appointed a director of GREIG FESTER GROUP. Mr Carless is managing director of Greig Fester (Australia).

■ SIMON AND SCHUSTER has appointed Mr Rolf Pakendorf as director of European development, academic division, based in London. He joins from McGraw-Hill Book Company, where he was managing director for continental Europe.

MORTGAGE EXPRESS, part of TSB, has appointed Mr Peter Jones as national sales manager, and Mr Stephen Field as business development manager. Mr Jones was head of business development with Burton Group Financial Services. Mr Field joins from the mortgage department of Sumitomo Bank.

■ HAWKER SIDDELEY GROUP has appointed Mr Peter Wilson as managing director of Elmwood Sensors, North Shields. He was managing director of Dale Electrosil.

■ Mr Christopher P. Nunn has been appointed managing director of HUNTER BUILDING PRODUCTS, Woolwich. He is responsible for mergers and acquistions with the parent company, Hunter International, and is chairman of four subsidiaries.

■ TR PACIFIC INVESTMENT TRUST, managed by Touche Remnant, has appointed Mr Iain Dale as a non-executive director. He is chief executive of Dale Electric International.

■ Mr Philip Rowley has been promoted to the new post of executive vice president, EMI MUSIC WORLDWIDE.

Wellcome group finance director

■ Mr J.R. Precious, finance director of Tioxide Group, joins the boards of WELLCOME, and The Wellcome Foundation, on July 1. From August 1 he becomes group finance director, succeeding Mr M.R. Brookman who retires.

■ Mr Mike Archbold has been promoted to managing director of Kier Management and to the board of BEAZER NATIONAL CONSTRUCTION.

■ ICI FIBRES has appointed Mr Tony Hankins as its customer service manager from May 1. He is manager of the carpet development centre, Oestringen, West Germany.

■ SCANDINAVIAN BANK GROUP has appointed Mr Peter Fryfors (Swedish) and Mr Timo Väisänen (Finnish) as principals in its corporate finance department. Mr Fryfors was with the Boston Consulting Group, and Mr Väisänen was with Enskilda Securities.

■ Mr Paul Norrish, deputy managing director, has been promoted to managing director of DUSENBERRY EUROPE, Bedford.

■ Mr Stephen Kirby has been appointed group treasurer of RATHBONE BROS & CO, Liverpool.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS – Contd

Index-Linked

1990 High	Low	Stock	Price £	+ or -	Yield (1)	(2)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. [illegible]

INT. BANK AND O'SEAS

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building Societies

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1990 High	Low	Stock	Price £	+ or -	Div. %	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

1990 High	Low	Stock	Price £	+ or -	Div. Gross	Cvr	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS – Contd

1990 High	Low	Stock	Price £	+ or -	Div. Gross	Cvr	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

1990 High	Low	Stock	Price £	+ or -	Div. Gross	Cvr	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
303	239	ANZ SA1	239		44c	1.4	8.3	8.5
196	172	Abbey National 10p	190	−1	5.7	4.3	4.0	7.7
282	238	Allied Irish Ord	265		tt068%	3.3	3.0	13.6
£13¼	£11⅞	Algemene Fl 10	£12¼		Q28%	2.0	7.2	6.9
85	73	Anglo Irish	80		Q18.7%	2.7	5.5	10.9
81	71	Ansbacher (H.) 1p	72		2.5	1.3	4.6	20.7
£70⅝	£54¼	Bancaire Cie Fr100	£70⅝	+⅜	Q12¼%	–	2.0	–
£22¼	£16⅝	Banco Bilbao Viz	£16⅝		Q17.9%	2.0	4.3	11.5
£31	£24¼	Banco de Santander	£24¼		Q25%	2.4	4.7	8.9
286	248	Bank Ireland Ir£1	265		ttQ23%	3.2	4.4	9.1
£19½	£18	Bank Leumi	£19½		–	–	–	–
350	320	Bank Leumi (U.K.)	345		†13.5	–	5.2	–
125	110	Bank Scotland	112		†3.8	3.6	4.5	8.1
100¼	90	Do. 9¼pc Irrd Pf	92½	+½	9¼%	–	13.3	–
54	52	Bank of Wales	52		2.8	1.6	7.2	10.9
599	539	Barclays £1	565	−10	27.4	3.5	6.5	5.6
22	16	Benchmark 20p	16		1.63	1.0	13.5	9.2
335	310	Brown Shipley £1	315		†10.5	–	4.4	–
455	400	Cater Allen £1	403		23.5	–	7.8	–
179	149	Chancery	164	−1	†6.0	2.8	6.5	7.2
£23¼	£19⅞	Commerzbk DM10	£21¼	+¼	Q18%	–	3.1	–
£27	£23½	C'hgn Hbk Kr100	£25½	+¼	Q15%	–	5.5	–
£13¼	842	Dai Ichi KBk Y50	848	+6	ttQ16%	8.8	0.4	32.4
£313½	£262¼	Deutsche Bk DM50	£294½	+1½	Q28%	–	1.7	–
£20⅝	£19	Espirito Santo	£20¼	+½	Q75c	3.3	2.2	13.8
253	211	First Nat. Fin. 10p	220	−2	13.0	2.4	7.6	7.0
121	106	FNFC 6.3pc Cv. Pf	118		6.3%	–	7.1	–
£15½	953	Fuji Bank Y50	987	−38	Q15.6%	4.2	0.3	–
325	269	Gerrard & National	279		18.5	–	8.8	–
154	146	Guinness Mahon 10p	146		†2.1	–	1.9	–
328	264	Hambros 20p	270		†10.0	–	4.9	–
128	106	Do. 7.5pc Cv Pf	107		7½%	–	9.3	–
53½	48½	HK & Shang HK$2.50	49		hQ38c	–	5.9	–
478	458	Joseph (Leo) £1	458		15.85	–	4.6	–
145	133	King & Shaxson 20p	138	+2	9.25	–	8.9	–
422	358	Kleinwort Benson Grp	369	+1	16.0	♦	5.8	♦
642	402	Kyowa Bank Y50	415	−9	hQ14%	4.7	0.7	31.4
307½	273	Lloyds £1	274	−6	13.3	2.6	6.5	6.4
56	47	Lon. Scot. Bank 10p	48		2.4	1.8	6.7	10.1
404	324	Midland £1	325	−6	18.0	2.6	7.4	6.7
£14½	£10½	Mitsubishi Bank Y50	£10½		ttQ16%	8.1	0.3	44.6
£12¼	£6⅞	Mitsubishi Tst & Bk Y50	£7⅛	−¼	Q16%	8.2	0.4	27.1
£10⅝	£7⅝	Mitsui Bank Y50	£8¼	−⅛	†Q16%	6.0	0.4	42.3
904	559	Mitsui Tst & Bk Y50	597	+3	Q16%	7.1	0.5	26.5
326	284	Nat. Aust. Bk. A$1	293	+2	sQ50c	1.6	7.7	8.1
360	330	NatWest £1	346	−4	16.7	3.3	6.4	6.3
£210	£190	Ottoman Bank	£200		Q110%	2.8	5.8	6.1
55	39	Rea Bros. Group	46	−2	0.5	–	1.4	–
200	175	Rothschild (J) Hldgs	175	−2	†9.5	3.6	7.2	5.0
227	175	Royal Bk. Scotland	178	−4	7.2	3.8	5.4	6.3
795	424	Saitama Bank Y50	474	−2	hQ13%	4.7	0.5	39.1
£12¼	827	Sanwa Bank Y50	840	+13	hQ16%	8.3	0.4	31.9
1805	1550	Schroders £1	1550		25.0	5.9	2.2	10.6
1425	1200	Do. £1 N/V	1200		25.0	5.9	2.8	8.3
£25¼	£20⅞	Sec. Pacific $10	£22½	+1¼	Q$1.96	–	5.3	–
616	526	Standard Chartd. £1	527	−7	35.0	φ1.4	8.9	(9.9)
£16¼	£8⅞	Sumitomo Bank Y50	£9¼		hQ16%	7.5	0.3	40.2
£11	£6⅛	Sumitomo Tst & Bk Y50	£6¼	−⅛	†Q16%	8.1	0.5	26.2
147	127	TSB	131	−2	5.8	2.8	5.9	8.4
175	126	TSB Bank Ch'nel Is'l	158	+4	Q6.7	3.5	4.2	7.9
£11½	£5⅞	Tokai Bank Y50	£6¼	−¼	Q16%	4.1	0.5	47.1
920	605	Toyo Tst & Bk Y50	630	−23	hQ15.2%	6.9	0.5	30.3
611	535	Union Discount £1	542		33.0	–	8.1	–
525	448	Warburg (S.G.)	469		†12.5	–	3.6	–
180	147	Do 6pc Cnv Prf	156	−1	6%	–	5.1	–
279	233	Westpac $A1	247	+2	Q52.5c	1.5	9.6	6.8
420	398	Wintrust 20p	398	−2	†7.8	–	2.6	–
969	574	Yasuda Tst & Bk Y50	620	−8	hQ17%	9.3	0.5	19.8

Hire Purchase, Leasing, etc.

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
355	223	Anglo Grp. 10p	228		†5.0	4.1	2.9	8.9
£128½	£99½	Do. 9½pc 1999	£101½		Q9½%	–	9.4	–
175	130	CLF Yeoman 50p	135	+5	[illegible]	3.4	7.7	4.2
71	63	Cambridge Grp Ir50p	65		Q7½%	14.8	0.5	16.7
55	37	Capital Leasing Ir 10p	47	−1	†Q13.2%	♦	2.4	♦
68	53	Cattle's (Hdgs) 10p	53	−1	3.58	♦	9.0	♦
408	373	Prov. Financial	399		20.5	2.0	6.9	9.6
235	220	Reflex Invs. Ir5p	220		Q34.6%	6.6	0.8	25.6
225	199	Secure Trust Grp. 1p	220		8.5	♦	5.3	♦
210	178	Woodchester IR20p	203	+3	Q15.6%	♦	1.5	♦

BEERS, WINES & SPIRITS

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
519	420	Allied-Lyons	427	−5	†15.0	2.4	4.7	10.1
£24⅜	£20¾	Anheuser-Busch $1	£23½	+⅜	72c	–	1.6	–
1069	896	Bass	939	−6	28.2	3.1	4.0	10.7
170	131	Boddington	132	+1	5.1	♦	5.2	♦
199	163	Bulmer(H.P.) 5p	176		†6.95	1.4	5.3	17.3
227	203	Burtonwood Brewery	204		3.55	2.5	2.3	22.9
400	325	Clark (Matthew)	325	−5	†13.0	2.8	5.3	9.1
286	189	Devenish (J.A.) 5p	190	−1	4.65	3.1	3.3	11.6
225	140	Do 4.5pc Cv 2ndPf	140		4½%	–	4.3	–
167	135	Eldridge Pope "A" 50p	139		4.1	2.3	3.9	13.2
400	365	Fuller, S.T.A	365	−5	14.45	4.4	1.6	17.3
658	533	Grand Metrop. 50p	560	−3	17.75	2.5	4.1	11.4

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

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MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

WATER

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES—Contd

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
◆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Not officially listed.
# Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
◆ Merger bid or reorganisation in progress
◆ Not comparable
◆ Same interim; reduced final and/or reduced earnings indicated
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ... γ	78	.....
Craig & Rose £1 ... γ	810	...
Finlay Pkg 5p ... γ	57	...
Holt (Jos) 25p. ... γ	1323	.....

IRISH

Cap 8¾% Ln 1991	£97	.....
9% Cap Ln 1996	£93½	.....
Fin. 13% 97/02...	£121	.....
Arnotts	450	...
Carroll (P.J.)... γ	160	.....
Hall (R. & H.).......	140d	...
Heiton Hldgs ...... γ	77	−3
IRG	215	...
United Drug........	165	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	39
Amstrad	9½
Asrec (BSR)	5¼
BAT	83
BOC Grp	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	9
Brit Telecom	25
Cadburys	27
Charter Cons.	40
Comm Union	40
Courtaulds	24
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	90
GEC	18
Glaxo	56
Grand Met.	45
Guardian	39
GKN	33
Hanson	18
Hawker Sidd	55
ICI	85
Ladbroke	25
Legal & Gen	34
Lex Service	26
Lloyds Bank	22
Lucas Inds	52
Marks & Spencer	17
Midland Bk	27
Nat West Bk	29
P & O Dfd	50
Polly Peck	37
Racal Elect	19
RHM	35
Rank Org Ord.	63
Reed Intnl	33
STC	28
Sears	9½
SmKl. Beecham A	46
TI	38
TSB	12
Tesco	17
Thorn EMI	61
Trust Houses	22
T&N	17
Unilever	56
Vickers	18
Wellcome	60

Property	
Brit Land	32
Control Secs.	5
Land Securities	44
MEPC	44
Mountleigh	14

Oils	
Aalva Petlm	5½
Brit Petroleum	28
Burmah Oil	52
Conroy Petlm	12
Gaelic Res	4½
Premier	10
Shell	37
Tuskar Res	10
Ultramar	31

Mines	
Lonrho	22
RTZ	45

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
High Income						
American Income	6	53.17	53.75	56.13	-0.47	4.80
Gilts & Fixed Int	6	100.7	100.7xd	106.8	-0.7	10.30
High Inc Equity	6	127.4	130.8xd	139.2		6.56
Worldwide Bond	6	197.5	197.5	209.2	+1.1	6.17
Capital Growth						
American Growth	6	190.8	192.7	205.1	+0.2	1.00
Asian Pacific	6	133.8	136.6	145.4	+0.7	0.00
Assets & Earnings	6	149.6	149.6	160.1	+0.3	3.03
Capital Reserve Acc	0	64.41	64.41	64.50	+0.02	6.70
Capital Reserve Inc	0	75.14	75.14xd	75.21		
Comdty & Energy	6	102.5	102.8xd	109.7	+0.6	0.77
Dividend & Growth	6	45.21	46.23	49.19		4.57
1992 Enterprise	6	60.43	61.83	65.78	+0.34	2.43
Euro Capital Acc	6	106.6	106.6	114.1	+1.4	0.87
Euro Capital Inc	6	102.3	102.3xd	109.5	+1.4	0.87
General	6	166.8	166.8	178.4	+0.3	2.80
International	6	59.96	60.69	64.57	-0.42	0.77
Japan	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mastertrust	6	88.53	88.53	94.69	+0.46	1.40
UK Growth Acc	6	170.5	170.5	182.4	+0.4	1.56
UK Growth Dist	6	111.4	111.4xd	119.2	+0.2	2.38
US Emerging Cos	6	57.21	58.75	62.50	-1.73	0.00
Income & Growth	6	291.3	298.4	317.5	+0.7	3.22
Ethical	6	46.34	46.34	49.57	[illegible]	[illegible]

Abtrust Management Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

Brown Shipley & Co Ltd—Contd.

Brycourt Unit Tst Mngmt Ltd (1400)F

Buckmaster Mangmt Co Ltd (1200)H
15 St Botolph Street, London EC3A 7JJ 01-247 4542

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL

CCF Foster Braithwaite UT Mngt (1100)F
1 White Hart Yard, London SE1 1NX 01-407 5966

CCL Unit Trusts Ltd (1400)F

Merlin Jupiter Unit Tst Mngrs Ltd (0905)F

Pearl Unit Trusts Ltd (1000)H

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGE

OFFER PRICE

BID PRICE

CANCELLATION PRICE

TIME

HISTORIC PRICING

FORWARD PRICING

SCHEME PARTICULARS AND REPORTS

هكذا من الأصل

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 7HF 01-493 7262						
Dealing 01-493 8545						
American Opps	5	53.56	54.47	58.09	+1.38	0.18
(Accum Units)	5	55.12	56.06	59.78	+1.04	0.18
European Opps	5	78.37	78.55	83.78	−0.06	0.00
(Accum Units)	5	78.60	78.98	84.24	−0.06	0.00
Far Eastern Opps	5	[illegible]	[illegible]	[illegible]	[illegible]	0.00
(Accum Units)	5	134.16	[illegible]	[illegible]	[illegible]	0.00
Golden Opps	5	39.38	39.38	42.00	+0.10	0.00
(Accum Units)	5	40.51	40.51	43.20	+0.10	0.00
Intl Hi-Yield	5	60.13	60.15	64.15	+0.27	4.29
(Accum Units)	5	65.56	65.57	69.93	+0.30	4.29
Sanyo Japan Tst	5	61.87	61.87xd	65.98	−0.05	0.00
(Accum Units)	5	61.87	61.87xd	65.98	−0.05	0.00
Kangaroo	5	30.38	30.38	32.39	+0.34	1.27
(Accum Units)	5	30.55	30.55	32.58	+0.36	1.27
Oriental Income	5	33.20	33.20xd	35.51	+0.16	4.91
(Accum Units)	5	37.74	37.84xd	40.35	+0.17	4.91
Pacific Technology	5	58.62	58.62xd	62.52	−1.09	0.00
(Accum Units)	5	59.10	59.10xd	63.03	−1.09	0.00
Tiger	5	152.38	152.38xd	162.47	+0.63	0.66
(Accum Units)	5	155.02	155.02xd	165.35	+0.65	0.66
UK Hi-Yield	5	42.53	42.53	45.36	−0.02	5.02
(Accum Units)	5	48.63	48.63	51.86	−0.05	5.02
UK Opps	5	53.47	56.07	59.96	+0.03	0.70
(Accum Units)	5	58.18	61.01	65.24	+0.03	0.70
Three Counties Asset Mngmt Ltd (1430)F						
Cuthbert House, Tower Road, Washington NE37 2SH 091 415 3034						
Balanced Portfolio	6	91.39	93.04	98.98	+0.02	4.00
Timberlake Unit Trust Mngrs Ltd (0900)F						
1 White Hart Yard, London SE1 1NX 01 407 5966						
Portfolio	2	97.51	97.51	100.39	−0.07	1.19
Touche Remnant Unit Tst Mngt Ltd (1600)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 01-248 1250						
4 Hourly Pricing—12 Noon Historic						
TR American Gwth	5¼	48.12	48.12xd	51.32	+0.39	0
TR Eur Sp Sits Acc	5¼	45.90	45.90	48.89	+0.26	0
TR Eur Sp Sits Inc	5¼	45.01	45.01xd	47.94	+0.25	0
TR Far East Opps Inc	5¼	23.91	23.91	25.31	+0.06	—
TR Far East Opps Acc	5¼	23.91	23.91	25.31	+0.06	—

	Bid Price	Offer Price	+ or −	Yield Gross
NM Rothschild Asset Management Ltd				
NC Managed	56.8	59.5xd	+0.3	3.80
NC Property	191.9	209.7xd	—	—
J. Rothschild Fund Managers Ltd				
Intl Exempt	142.9	144.4	—	3.58
Stewart Ivory & Co Ltd				
Saints PPF Mar 14	255.5	269.0	—	0.00
Closed to new business				
Thornton Unit Managers Ltd				
Managed Exempt Apr 17	101.55	107.62xd	+0.25	3.84
(Accum Units)	100.74	106.46xd	+0.25	3.84
Touche Remnant Unit Tst Mngt Ltd				
TR Exempt European	1246	1261xd	—	1.48
TR Exempt Nth Amer	970	984xd	—	3.31
TR Exempt Pac Basin	863	874xd	—	0

INSURANCES

	Bid Price	Offer Price	+ or −	Yield Gross
AA Friendly Society				
Investment Mngt. M & G Inv Mngt Ltd				
AA Friendly Sy Apr 12	—	168.3	—	—
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	298.6	314.4	—	—
Equity Ser. 1	127.3	134.1	+0.4	—
Prop. Acc. Ser 2	460.3	484.6	—	—
Equity Ser 2	147.6	155.4	+0.2	—
Selective Acc	339.0	356.9	+0.2	—
Prop. Ser. 4	360.5	379.5	−0.1	—

Laurentian Life plc—Contd.

formerly Trident Life

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Equity Ser 3 Acc	475.9	501.0	+1.4	—
Gtd Managed Acc	332.4	349.9	−2.0	—
Pension Funds				
Pens Equity	639.8	673.5	+1.8	—
Pens Managed	591.3	622.4	+1.4	—
Pens Gilt-Edge	358.3	377.2	−2.5	—
Pens Deposit	378.1	398.0	—	—
Pens Property	572.0	602.1	—	—
Save Bond	182.9	192.5	+0.8	—

Merchant Investors Assurance Co Ltd — Contd.

	Bid Price	Offer Price	+ or −	Yield Gross
MI UK Fund		339.3	(z)	—
MI UK Pens		644.3	(z)	—
MI Intl Equity		381.0	(z)	—
MI Intl Equity Pens		594.3	(z)	—
MI International Fund		364.9	(z)	—
MI Intl Fd Pens		530.1	(z)	—
MI Nth American Equity Fund		138.5	(z)	—
MI Nth Am Equity Pens		155.1	(z)	—
MI Far East Equity Fund		301.9	(z)	—
MI Far East Equity Pens		399.7	(z)	—
MI Currency Fund		206.6	(z)	—

Continued on next page

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National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury. HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	101.4	106.8	-0.2	-
Managed Growth	138.2	145.5	+0.1	-
Managed Opportunity	141.5	149.0	-	-
NFMC Target Financial	100.5	105.8	----	-
Pension Funds				
Managed Cautionary	106.6	112.3	-0.1	-
Managed Growth	142.4	149.9	+0.1	-
Managed Opportunity	143.4	151.0	+0.2	-
NFMC Target Mngd Pens	1492.3	1570.9	+5.9	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	219.2	230.8	----	-
Managed Prospect Fund	183.9	193.6	----	-
Pens Managed	284.7	299.7	----	-
Pens UK Equity	330.7	348.2	----	-
Pens Overseas Equity	403.1	424.4	----	-
Pens Property	148.3	156.2	----	-
Pens Fixed Interest	169.9	178.9	----	-
Pens Index Linked	143.6	151.2	----	-
Pens Deposit	193.5	203.7	----	-
Harvester & P.R.P.				
UK Equity	144.6	152.3	----	-
Overseas Equity	144.3	151.9	----	-
Fixed Interest	116.1	122.3	----	-
Property	123.5	130.0	----	-
Index Linked	130.5	137.4	----	-
Deposit	134.3	141.4	----	-
Managed	143.5	151.1	----	-
With Profits	137.0	144.3	----	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	336.0	353.7	+1.3	-
UK Equity	423.1	445.4	+1.3	-
Overseas Eq	361.7	380.8	+4.4	-
Americas	272.1	286.5	+5.0	-
Far East	362.1	381.2	-2.3	-
Property	217.4	228.9	+0.1	-
Fixed Int	208.3	219.3	-1.6	-
Indexed Gilt	135.8	143.0	-0.2	-
Deposit	162.2	170.8	+0.2	-
Pension Fund (Accum Units)				
Managed	456.0	480.1	+2.4	-
UK Equity	526.3	554.1	+1.8	-
Overseas Eq	587.4	618.1	+7.7	-
Americas	362.9	382.0	+9.0	-
Far East	595.6	627.0	-2.0	-
Property	268.3	282.5	+0.1	-
Fixed Int	251.3	264.6	-1.8	-
Indexed Gilt	149.0	156.9	-0.2	-
Deposit	218.6	230.2	+0.4	-
NPI Pensions Management Ltd				
Managed Fund	1067.1	1096.2	----	-

Prices April 1 Next dealing May 1

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	64.5	67.9	+0.2	-
Stock Market Mngd Fund	63.4	66.8	+0.4	-
Equity Fund	66.9	70.4	+0.2	-
International Fund	61.5	64.7	+0.5	-
European Fund	75.8	79.8	+0.9	-
North American Fund	60.5	63.7	+1.1	-
Pacific Fund	63.7	67.0	-0.1	-
Property Fund	86.7	91.3	-	-
Fixed Interest Fund	48.7	51.3	-0.2	-
Index linked Sec Fund	55.9	58.8	-0.2	-
Deposit Fund	62.1	65.4	+0.1	-
NUAM Retirement Plans				
Mixed Fund	69.9	73.6	+0.3	-
UK Ordinary Share Fd	77.3	81.3	+0.3	-
International Fund	65.6	69.0	+0.5	-
Property Fund	84.8	89.3	+0.1	-

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Fry & Sims (Luxembourg) SA

Nikko Capital Mgmt (Europe) Ltd

Scimitar Worldwide Selection Fd Ltd

CMI Insurance Co Ltd

BMA-Banque de Marches et d'Arbitrage

Julius Baer Bank & Trust Co Ltd

Banque Scandinave Fd. Mgrs. Ltd.

Baring International Group

Global Asset Management Corpn—Contd.

Nomura Prudential Global Portfolio

Nomura Rosenberg Alpha Fund Mark II

North Star Fund Managers (Cayman) Ltd

US Pacific Stock Fund

Unico Financial Services SA Lux

Union-Investment-Gesellschaft GmbH

Viking Fund-SICAV

Warburg Inv Mngmt (Isle of Man) Ltd

JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

DUBLIN (SIB RECOGNISED)

GUERNSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

Wardley Investment Services Ltd

	Bid	Offer	+ or -	Yield
Wardley S.E. Asia T.t.	$12.05	12.79	...	0.86
Japanese Warrants	$7.31	7.75	...	-
Asian Warrants	$9.20	9.75	...	-
European Warrants	$9.92	10.51	...	-

Wells Fargo U.S. TT Fund

NAV April 12		$9.70	...	-

Xiphias International Investment Fd Ltd

Xiphias Int USD		$1.0095	...	-
Xiphias Int ECU		Ecu1.0127	...	-

Yamaichi Dynamic Mngt Co SA

Advanced Tech		$21.31	...	-

Money Market Trust Funds

CAF Money Management Co Ltd

48 Pembury Road, Tonbridge TN9 2JD 0732 770114

	Gross	Net	Gr Equiv CAR	Int. Cr
Cafcash Deposit Fd	14.59	-	15.41	3-Mth

The COIF Charities Deposit Account

2 Fore Street, London EC2Y 5AQ 01-588 1815

	Gross	Net	Gr Equiv CAR	Int. Cr
Deposit	14.60	-	15.64	3-Mth

Gartmore Money Management Ltd

2-3 White Hart Yard, London SE1P 1NX 01-236 1425

	Gross	Net	Gr Equiv CAR	Int. Cr
Call Fnd	14.85	11.59	15.90	6-Mth
7-day Fund	14.28	11.14	15.26	6-Mth
Special Fund	14.78	-	15.21	Mth
Dollar	7.00	5.46	7.45	3-Mth

Money Market Bank Accounts

Aitken Hume Bank plc

30 City Road, EC1Y 2AY 01-638 6070

	Gross	Net	Gr Equiv CAR	Int. Cr
Treasury Acc	13.80	10.83	14.69	Qtr
[illegible]	13.90	10.93	14.75	Mth
[illegible]	14.00	10.92	15.31	Mth
[illegible] £50 000+	14.50	11.32	15.88	Mth

Allied Trust Bank Ltd

97-101 Cannon St, London EC4N 5AD 01-626 6802

	Gross	Net	Gr Equiv CAR	Int. Cr
[illegible] £2 001+	14.78	11.57	16.265	Mth
MICA £2 001+	13.90	10.88	15.248	Mth
PROSPRA £250 001+	14.90	11.66	16.404	-

Bank of Ireland High Interest Cheque Acc

36 Queen St, EC4R 1BN 01-625 7000

	Gross	Net	Gr Equiv CAR	Int. Cr
£2 000-9,999	13.782	10.750	14.521	Qtr
£10 000+	14.103	11.000	15.263	Qtr

Bank of Scotland

Barclays Capital Advantage Account

Barclays Prime Account H.I.C.A.

Benchmark Bank PLC Premier Account

B & C Merchant Bank PLC Portfolio Acc

Brown Shipley & Co Ltd

Cater Allen Ltd

Charterhouse Bank Limited

Citibank Savings

Clydesdale Bank PLC

Co-operative Bank Top Tier

Coutts & Co

Barrington & Co Ltd

Edington Plc

Financial & General Bank plc

Gartmore Money Management Ltd

Girobank plc High Interest Cheque Acc

Gerlund Inv Mngrs/Allied Irish Bank

Humberclyde Finance Group

Lloyds Bank High Interest Cheque Account

M & G/Kleinwort Benson

Midland Bank plc

NatWest Special Reserve Account

Provincial Bank PLC

Royal Bank of Scotland plc Premium Acc

Save & Prosper/Robert Fleming

Standard Property Investment PLC

8 St Andrew Square, Edinburgh EH2 2PP 031 556 8235

	Gross	Net	Gr Equiv CAR	Int. Cr
HICA	14.50	11.35	15.13	Yearly

Sterling Bank & Trust Ltd

Abbey Gdns, 6 Abbey St, Reading RG1 3BA 0734 592543

	Gross	Net	Gr Equiv CAR	Int. Cr
HIDA £2,500+	13.70	10.72	14.68	6-Mth

TSB Bank plc (England & Wales)

100 Lower Thames St, London EC3R 6AQ 01-623 6000

	Gross	Net	Gr Equiv CAR	Int. Cr
HICA £1-£499	7.30	5.50	7.33	Yearly
£500-£1,999	9.50	7.50	10.00	Yearly
£2,000-£9,999	11.50	9.00	12.00	Yearly
£10,000-£24,999	11.75	9.30	12.40	Yearly
£25 000+	12.25	9.60	12.80	Yearly

Tyndall & Co Ltd

29-33 Princess Victoria St, Bristol 0272 744720

	Gross	Net	Gr Equiv CAR	Int. Cr
Demand Acc.	13.87	10.822	15.02	Qtr
HIMA	13.75	10.73	14.93	Qtr
HIMA £100,000+	14.00	10.92	15.22	Qtr
Gilt Plus Acc.	13.37	10.43	14.46	Qtr

J. Henry Schroder Wagg & Co Ltd

120 Cheapside, London EC2V 6DS 01-382 6000

	Gross	Net	Gr Equiv CAR	Int. Cr
Special Acc.	13.750	10.76	15.08	Mth
£10 000 and above	14.060	10.96	15.37	Mth

Western Trust High Interest Cheque Acc

The Moneycentre, Plymouth PL1 1SE 0752 224141

	Gross	Net	Gr Equiv CAR	Int. Cr
£25 000+	14.50	11.31	15.73	Qtr
£5 000-£24,999	14.25	11.12	15.45	Qtr
£1,000-£4,999	14.00	10.92	15.17	Qtr

Wimbledon & South West Finance Co Ltd

114 Newgate St, London EC1 7AE 01-606 9485

	Gross	Net	Gr Equiv CAR	Int. Cr
High Int Cheque Acc.	14.50	11.31	15.73	Qtr

NOTES—Gross rate to those exempt from composite rate of tax. Net actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr frequency interest credited.

UNIT TRUST NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. b Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Previous day's price. ☼ Guernsey gross. d Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend. (**) Funds not SIB recognised.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up ahead of trade data

THE DOLLAR and Japanese yen were the centre of attention on the foreign exchanges yesterday. This helped to keep a nervous pound out of the spotlight, but dealers warned that sterling looked vulnerable if UK economic news proves disappointing later this month, or if there is any firming of world interest rates.

Lack of attraction in the other main trading currencies, and speculation that today's US trade figures will be good, provided support for the dollar. The yen was particularly out of favour, while sterling performed only slightly better than the Japanese currency, and the D-Mark was trendless.

Forecasts of the February US trade figures vary widely amid some suggestions that there could be a spectacular improvement. A narrowing in the deficit from the January shortfall of $9.3bn is expected. Most estimates for February have been in the region of $8bn, but market speculation yesterday suggested the figure could be lower.

Stronger than expected US inflation in March also kept the dollar firm yesterday. Consumer prices rose 0.5 per cent during the month, keeping the year-on-year inflation rate at 5.2 per cent. Based on the first three months of 1990 the annual inflation rate was 8.5 per cent, the largest gain since the second quarter of 1982. Analysts said the news confirmed that there was no room for an easing of the Federal Reserve's monetary stance but also suggested that higher interest rates were unlikely in the near term.

At the close in London the dollar had advanced to Y159.90 from Y158.20 last Thursday (Y159.32 on Monday in New York); to DM1.6770 from DM1.6730 (DM1.6783); to SFr1.4900 from SFr1.4830 (SFr1.4895); and to FFr5.6375 from FFr5.6225 (FFr5.6380). Its index rose to 68.7 from 68.2.

There was no conclusive evidence that the Bank of Japan supported the yen yesterday, and dealers suspected this was because the central bank fears it will be forced to intervene heavily after the US trade figures are published. Low Japanese interest rates weighed on the yen, with the dollar touching Y160.20 in London, before finishing at the highest level since December 1986.

The D-Mark rose to a record high of Y95.35 from Y94.55 against the yen, but otherwise traded quietly, rising to FFr3.3615 from FFr3.3605 against the French franc and to L734.95 from L734.90 in terms of the lira.

Concern about the UK political situation and fear of rising inflation depressed sterling. The pound was also nervous ahead of British economic data, including retail sales, today; money supply and bank lending next Monday; and the trade figures on Wednesday.

Sterling fell ¾ cent to $1.6345 in London yesterday. It also declined to DM2.7400 from DM2.7475, and to FFr9.2150 from FFr9.2325, but was unchanged at SFr2.4350, and rose to Y261.25 from Y259.75. Its index shed 0.3 to 86.7.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Apr.17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.2559	+0.21	+0.21	±1.5508
Danish Krone	7.79845	7.78068	-0.23	-0.23	±1.6453
German D-Mark	2.04446	2.04213	-0.11	-0.11	±1.1762
French Franc	6.85684	6.86298	+0.09	+0.09	±1.3618
Dutch Guilder	2.30358	2.29940	-0.18	-0.18	±1.5272
Irish Punt	0.763159	0.762276	-0.12	-0.12	±1.6689
Italian Lira	1529.70	1500.76	-1.89	-1.89	±1.5162
Spanish Peseta	132.889	129.753	-2.36	-2.36	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Apr 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6240 - 1.6380	1.6340 - 1.6350	0.93-0.91cpm	6.75	2.64-2.61pm	6.42
Canada	1.9010 - 1.9080	1.9020 - 1.9030	0.34-0.27cpm	1.92	0.87-0.75pm	1.70
Netherlands	3.07¾ - 3.09	3.08 - 3.09	1¾-1⅝cpm	6.57	5-4⅞pm	6.41
Belgium	56.45 - 56.88	56.75 - 56.85	30-18cpm	5.09	79-61pm	4.95
Denmark	10.41¼ - 10.47	10.46 - 10.47	3½-2¾orepm	3.59	10½-9pm	3.74
Ireland	1.0195 - 1.0290	1.0215 - 1.0225	0.32-0.27ppm	3.46	0.86-0.76pm	3.17
W. Germany	2.73¼ - 2.74¼	2.73¾ - 2.74¾	1¾-1⅝pfpm	7.40	4⅝-4½pm	6.67
Portugal	242.20 - 243.60	242.60 - 243.60	9-7cpm	0.39	61-96dis	-1.29
Spain	173.45 - 174.30	173.90 - 174.20	19-9cpm	0.97	51-34pm	0.98
Italy	2008¼ - 2015	2014 - 2015	6¼-4lirepm	3.21	17-12½pm	2.94
Norway	10.63 - 10.69½	10.68½ - 10.69½	3¼-2¼orepm	3.03	8-6⅞pm	2.79
France	9.18¼ - 9.22	9.21 - 9.22	4-3¾cpm	5.14	11⅝-11¼pm	4.98
Sweden	9.94¾ - 10.00	9.99 - 10.00	1½-1orepm	1.50	3¾-3pm	1.42
Japan	259¾ - 261½	260¾ - 261¾	1¾-1⅝ypm	7.78	5-4⅞pm	7.59
Austria	19.23 - 19.29	19.26 - 19.29	10⅞-10¼gropm	6.53	30¼-27⅞pm	6.01
Switzerland	2.42¾ - 2.44	2.43 - 2.44	1¼-1⅛cpm	5.86	3½-3⅜pm	5.66
ECU	1.3560 - 1.3590	1.3575 - 1.3585	0.54-0.51cpm	4.64	1.52-1.47pm	4.40

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.23-5.18cpm 12 month 9.72-9.62cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Apr.17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6240 - 1.6350	1.6340 - 1.6350	0.93-0.91cpm	6.75	2.64-2.61pm	6.42
Ireland†	1.5920 - 1.5955	1.5945 - 1.5955	0.41-0.37cpm	2.94	1.37-1.27pm	3.31
Canada	1.1660 - 1.1710	1.1675 - 1.1685	0.49-0.51cdis	-5.13	1.40-1.45dis	-4.87
Netherlands	1.8875 - 1.8940	1.8875 - 1.8885	par-0.02cdis	-0.06	0.02-0.05dis	-0.07
Belgium	34.70 - 34.90	34.70 - 34.80	2.00-8.00cdis	-1.73	9.00-19.00dis	-1.61
Denmark	6.39¾ - 6.42	6.40 - 6.40½	1.55-1.95oredis	-3.28	4.20-4.90dis	-2.84
W. Germany	1.6765 - 1.6835	1.6765 - 1.6775	0.06-0.04pfpm	0.36	0.12-0.08pm	0.23
Portugal	149.00 - 149.30	149.00 - 149.10	80-90cdis	-6.84	285-305dis	-7.91
Spain	106.55 - 106.85	106.60 - 106.70	51-55cdis	-5.95	147-155dis	-5.65
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

£ IN NEW YORK

Apr.17	Latest	Previous Close
£ Spot	1.6420-1.6430	1.6300-1.6310
1 month	0.87-0.86pm	0.89-0.87pm
3 months	2.60-2.57pm	2.66-2.42pm
12 months	9.68-9.58pm	9.78-9.65pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

† European Commission Calculations. * All SDR rates are for Apr.16

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

	£	$
[illegible]	[illegible]	[illegible]
Mexico	4535.25 - 4538.90	2780.50 - 2790.50
N Zealand	2.8155 - 2.8200	1.7285 - 1.7305
Saudi Ar.	6.1030 - 6.1085	3.7500 - 3.7510
Singapore	3.0570 - 3.0640	1.8770 - 1.8790
S. Af (Cm)	4.3235 - 4.3350	2.6555 - 2.6575
S. Af (Fn)	6.4405 - 6.5700	3.9525 - 4.0320
Taiwan	42.95 - 43.05	26.35 - 26.40
U.A.E.	5.9750 - 5.9825	3.6715 - 3.6735

*Selling rate

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE SHORT STERLING OPTIONS; LONDON (LIFFE); CHICAGO; PHILADELPHIA SE £/$ OPTIONS; 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES; OPTION ON LONG-TERM FRENCH BOND (MATIF); THREE-MONTH PIBOR FUTURES (MATIF); CAC-40 FUTURES (MATIF)

[illegible]

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6345	1.6253	1.6083	1.5825	1.5378

IMM-STERLING $ per £

	Latest	High	Low	Prev.
Jun	1.6100	1.6116	1.6060	1.6246
Sep	1.5812	1.5850	1.5800	1.5990

BASE LENDING RATES

	%		%		%
[illegible]		[illegible]		[illegible]	
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm.Bk.N.East	15	Mount Banking	15		
		Nat Bk. of Kuwait	15		

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MONEY MARKETS

Longer rates firm

A weaker pound pushed longer term interest rates higher in London yesterday. One-year interbank rose to 15 13/16-15 11/16 per cent from 15 11/16-15 9/16, but the important three-month rate was unchanged at 15 7/32-15 3/16 per cent, indicating there is not yet any pressure for higher bank base rates.

On Liffe September short sterling fell. The September contract was 13 basis points higher than June delivery last Thursday, but by last night the spread had narrowed to 9 points, as nervousness about the UK economy increased. September closed at 84.77, against 84.82 on Friday.

UK clearing bank base lending rate 15 per cent from October 5

Day-to-day credit was in exceptionally short supply on the London money market. The Bank of England initially forecast a shortage of £1,550m, but revised this to £2,000m in the afternoon. Total help of £1,988m was provided.

An early round of assistance was offered and at that time the authorities bought £525m bills for resale to the market on May 1, at 14 15/16 per cent. Before lunch £524m bills were purchased outright, by way of £37m bank bills in band 1 at 14⅞ per cent; £2m Treasury bills in band 2 at 14¾ per cent; and £485m bank bills in band 2 at 14¾ per cent.

In the afternoon another £874m bills were bought outright, via £14m Treasury bills in band 1 at 14⅞ per cent; £638m bank bills in band 1 at 14⅞ per cent; £69m Treasury bills in band 2 at 14¾ per cent; and £153m bank bills in band 2 at 14¾ per cent. Late assistance of around £65m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,217m, with Exchequer transactions absorbing £730m and bank balances below target £155m. These outweighed a fall in the note circulation adding £545m to liquidity.

In Frankfurt call money firmed slightly to 7.85 from 7.80 per cent. The Bundesbank offered liquidity to the money market through a two-tranche securities repurchase agreement tender for 28 days and 63 days, at variable bid rates. This will be required to replace DM20.7bn draining from the market today, as two earlier pacts expire.

The firmer tone partly reflected fears that funds may be drained at the tender, because money should find its way into the market later in the month as the Bundesbank pays its annual profit to the exchequer in Bonn.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.17) 3 months US dollars		6 months US Dollars	
bid 8¼	offer 8⅜	bid 8⅜	offer 8½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	10	One month	7.63	Three year	8.75
Broker loan rate	9½	Two month	7.97	Four year	8.75
Fed funds	8¼	Three month	8.02	Five year	8.75
Fed funds at intervention	8¼	Six month	8.23	Seven year	8.79
		One year	8.39	10-year	8.77
		Two year	8.69	30-year	8.74

Apr.17	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.80-7.90	7.80-7.90	7.95-8.10	8.10-8.25	8.50-8.65	8.00
Paris	9¾-10	9¾-10	-	9 15/16-10 1/16	-	9.75
Zurich	8¼-8½	9-9¼	-	8¾-9¼	-	-
Amsterdam	8.30-8.40	8.30-8.40	-	8.45-8.55	-	-
Tokyo	6 13/16-7 1/16	7 1/16-7 11/16	-	7 11/16-7 13/16	-	-
Milan	11⅞-12⅛	11⅞-12⅛	-	12⅛-12⅜	-	-
Brussels	6.95	10-10¼	-	10⅛-10⅜	-	-
Dublin	11½-11¾	11 13/16-11 15/16	11¾-12	12-12¼	12¼-12½	-

LONDON MONEY RATES

Apr 17	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15 13/16	15	15	15¼	15⅜	15 13/16
Interbank Bid	14⅞	14⅞	14⅞	15⅛	15⅜	15 11/16
Sterling CDs	-	-	14 15/16	15⅛	15⅜	15⅝
Local Authority Deps.	14 15/16	14 15/16	14 15/16	15 3/16	15½	15¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15	14⅞	14 15/16	14⅞	-	-
Company Deposits	-	-	15	15¼	15 5/16	15¾
Finance House Deposits	-	-	15	15⅜	15½	15¾
Treasury Bills (Buy)	-	-	14 27/32	14 13/16	-	-
Bank Bills (Buy)	-	-	14¾	14 13/16	14⅞	-
Fine Trade Bills (Buy)	-	-	15⅜	15⅜	15	-
Dollar CDs	-	-	8.33	8.40	8.50	8.73
SDR Linked Dep. Offer	-	-	9⅛	9⅜	9⅜	9 11/16
SDR Linked Dep. Bid	-	-	9	9¼	9¼	9 9/16
ECU Linked Dep. Offer	-	-	10¼	10 5/16	10⅝	10⅝
ECU Linked Dep. Bid	-	-	10⅛	10 3/16	10½	10⅝

Treasury Bills (sell), one-month 14 23/32 per cent, three months 14 23/32 per cent. Bank Bills (sell): one-month 14 23/32 per cent; three months 14⅝ per cent; Treasury Bills: Average tender rate of discount 14.6170 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 30, 1990. Agreed rates for period April 25 to May 25, 1990, Scheme I. 15.90 p.c., Schemes II & III: 16.57 p.c. Reference rate for period March 1, 1990 to March 30, 1990, Scheme IV&V: 15.311 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from April 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6), Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9, 1989, Deposits withdrawn for cash 5 per cent.

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
343	295	Ass. Brit. Ind. Ordinary	325	-2	10.3	3.2	8.8
38	19	Armitage and Rhodes	23	0	-	-	-
210	149	Bardon Group (SE)	150xd	0	4.3	2.9	14.6
125	102	Bardon Group Cv Pref (SE)	107xd	0	6.7	6.3	-
123	74	Bray Technologies	80	0	5.9	7.4	7.1
110	82	Bremhill Conv. Pref	82	-1	11.0	13.4	-
315	285	CCL Group Ordinary	310	0	14.7	4.7	3.8
176	165	CCL Group 11% Conv.Pref	168	0	14.7	8.8	-
225	140	Carbo Plc (SE)	210xd	0	7.6	3.6	12.4
110	109	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	-
7.5	0.125	*Magnet Gp Non-VotingA Cnv.	0.125	0	-	-	-
5	0.125	*Magnet Gp Non-VotingB Cnv.	0.125	0	-	-	-
130	91	Isis Group	91	0	8.0	8.8	5.2
145	58	Jackson Group (SE)	108	0	3.6	3.3	12.6
322	243	Multihouse NV (AmstSE)	243	0	-	-	-
158	98	Robert Jenkins	140	0	10.0	7.1	5.1
467	360	Scruttons	360	0	18.7	5.2	9.6
160	106	Unistrut Europe Conv Pref	155	0	9.3	6.0	-
395	268	Veterinary Drug Co. PLC	268	-2	22.0	8.2	7.2
370	278	W.S Yeates	310	3	16.2	5.2	25.8

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of the ISE. Other securities listed above are dealt in subject to the rules of TSA
These securities are dealt in strictly on a matched bargain basis. Neither Independent Companies Exchange Limited nor Granville Davies Limited are market makers in these securities
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FTSE 100	WALL STREET
Apr. 2211/2221 -16	Apr. 2747/2759 -5
Jun. 2228/2238 -17	Jun. 2760/2772 -5

5pm Prices. Change from previous 9pm close

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MEMBERS AFBD (UK), NFA (USA)

Nationwide Anglia Building Society

£100,000,000
Floating rate notes due 1998
(Issued by Anglia Building Society)

Notice is hereby given that the notes will bear interest at 15⅞% per annum from 17 April 1990 to 17 July 1990. Interest payable on 17 July 1990 will amount to £191.66 per £5,000 note and £9,583.05 per £250,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

CENTRAL-EUROPEAN INTERNATIONAL BANK LTD
USD 30.000.000
FLOATING RATE NOTES DUE 1996

For the period April 17, 1990 to October 17, 1990 the rate has been fixed at 8,8125% P.A.

Next payment date: October 17, 1990

Coupon nr: 9

Amount: USD 4479,69

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, avenue Emile Reuter
LUXEMBOURG

WOOLWICH EQUITABLE BUILDING SOCIETY
£200,000,000
Floating Rate Loan Notes Due 1993

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months Interest Period from (and including) 17th April, 1990 to (but excluding) 17th July, 1990 the Notes will carry a rate of interest of 15⅝ per cent. per annum. The relevant Interest Payment Date will be 17th July, 1990. The Coupon Amount per £10,000 will be £383.32 and per £100,000 will be £3,833.22, payable against surrender of Coupon No: 8

Hambros Bank Limited
Agent Bank

CREDIT FONCIER DE FRANCE
ECU 200,000,000 Floating Rate Notes Due 1996

For the three months period April 18, 1990 to July 18, 1990 the notes will carry an interest rate of 10.60125% per annum with an interest amount of ECU 267.47.- per ECU 10,000 note and of ECU 2,674.70.- per ECU 100,000 note.

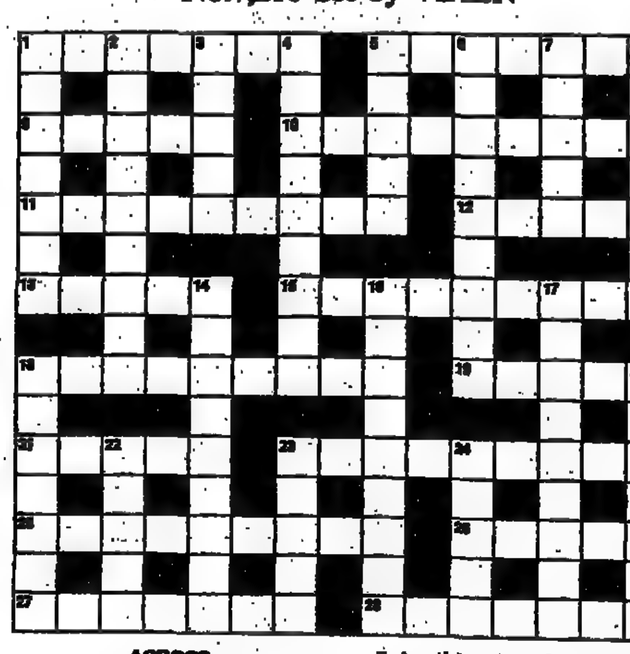
The relevant interest payment date will be July 18, 1990.

Agent Bank
Banque Paribas Luxembourg

JOTTER PAD

CROSSWORD

No.7,216 Set by VIXEN



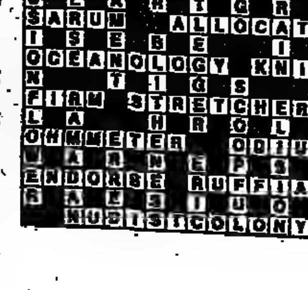
ACROSS

1 Likes the page with adverts (7)
5 Bill and Sarah admitting copper's charge (7)
9 Put rubbish outside for cook (5)
10 This country is entering a newly formed organisation (9)
11 Lay to rest party split (9)
12 More should take part in unisex track-suits (5)
13 Really wet, but set to smash record (5)
15 Left unrestrained (9)
18 Hardy's novel "Silent Ire" (9)
19 An argumentative sportsman? (5)
21 Photographs of some biscuits (5)
23 Hopes room can be found for a mature student (9)
25 She has to clean French articles – clothing (9)
26 A quarter shut up, being exhausted (5)
27 Half of them finished up improved (7)
28 Not allowed the support to remain overlong (7)

DOWN

1 Traipse around arranging social events (7)
2 Do in the old head calling for total accuracy! (9)
3 Some people waste a terrific lot, he scoffs (5)
4 The jaded fellow sees no advantage either way (9)
5 Anything to reform a thug! (5)
6 Rival offer given preliminary study (9)
7 Workersxwho get a move on? (5)
8 Haul fish up where there's shelter (7)
14 Ideal pads may well be surrounded by a fence (9)
16 Heel and a good man among a number preparing some titbits (9)
17 There are points in favour of dividing the home here (3,6)
18 Decide to clear up yet again (7)
20 Never return and attempt retaking possession (2-5)
22 Writing short article, think to raise a laugh (5)
23 Press a top player to accept small change (5)
24 Start making notes (5)

Solution to Puzzle No.7,215



WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

ITALY (continued)

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

2pm prices April 17

Quotations in cents unless marked $

[illegible]

†—No voting rights or restricted voting rights.

INDICES

NEW YORK

DOW JONES	Apr 16	Apr 12	Apr 11	Apr 10	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2763.06	2751.80	2729.72	2731.08	2810.15 (2/1)	2543.24 (30/1)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	90.34	90.37	90.26	90.54	93.04 (3/1)	90.26 (11/4)	—	—
Transport	1188.66	1191.50	1181.19	1176.39	1201.10 (2/1)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	213.15	212.78	213.03	213.03	236.23 (2/1)	212.78 (12/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2793.47 (2763.96) Low 2748.47 (2729.50)

STANDARD AND POOR'S

	Apr 16	Apr 12	Apr 11	Apr 10	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	344.74	344.34	341.92	342.07	359.69 (2/1)	322.98 (30/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	400.42	399.96	397.12	397.76	411.20 (2/1)	371.92 (30/1)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	28.25	28.26	27.96	27.77	31.87 (3/1)	27.15 (6/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	188.94	188.80	187.57	187.63	198.00 (2/1)	178.43 (30/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	356.98	357.88	357.54	359.52	382.45 (5/1)	345.50 (30/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	436.70	436.31	433.53	431.90	460.90 (3/1)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Apr 6	Mar 30	Mar 23	year ago (approx.)
Dow Industrial Div. Yield	4.03	4.06	4.06	3.52

	Apr 11	Apr 4	Mar 28	year ago (approx.)
S & P Industrial div. yield	3.04	3.05	3.04	3.24
S & P Indl. P/E ratio	15.13	15.09	15.07	12.79

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
IBM	4,120,700	110⅝	+ 3⅛
Philip Morris	1,666,100	42⅞	+ ⅞
Lilly (Eli)	1,456,100	67¼	- 1¼
Ames Stores	1,441,100	2⅛	+ ⅛
Fannie Mae	1,436,100	36⅝	- ⅞
Am. Express	1,429,100	28⅝	+ ⅞
Gen. Electric	1,381,700	66⅝	+ ⅛
Texas Ut.	1,171,200	33⅛	+ ⅛
Exxon	1,163,500	45⅝	- ⅛
Utd. Telecom	1,135,800	40⅛	+ ½

TRADING ACTIVITY

† Volume (Millions)	Apr 16	Apr 12	Apr 11
New York	142.810	143.474	142.503
Amex	11.613	11.395	11.949
NASDAQ	124.651	141.413	133.620
Issues Traded	1,995	1,985	1,964
Rises	705	891	725
Falls	766	560	747
Unchanged	524	534	492
New Highs	41	33	23
New Lows	35	26	58

CANADA

TORONTO	Apr 16	Apr 12	Apr 11	Apr 10	1990 HIGH	1990 LOW
Metals & Minerals	3029.50	3061.60	3092.80	3114.20	3453.05 (4/1)	2921.03 (23/2)
Composite	3549.30	3561.20	3565.80	3594.90	4009.47 (3/1)	3549.30 (16/4)
MONTREAL Portfolio	1819.52	1829.33	1835.61	1849.74	2060.90 (3/1)	1819.52 (16/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr 17	Apr 16	Apr 13	Apr 12	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1499.2	(c)	(c)	1498.4	1713.7 (12/1)	1499.4 (12/4)
All Mining (1/1/80)	762.5	(c)	(c)	765.1	860.8 (5/1)	762.5 (17/4)
AUSTRIA						
Credit Aktien (30/12/84)	673.98	(c)	(c)	667.52	783.29 (19/3)	526.59 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6142.13	(c)	(c)	6133.38	6599.43 (12/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	364.40	(c)	(c)	(c)	380.47 (28/3)	358.77 (2/1)
FINLAND						
Unitas General (1975)	601.5	(c)	(c)	(c)	677.3 (23/1)	590.5 (2/1)
FRANCE						
CAC General (31/12/82)	553.07	(c)	(c)	549.47	554.7 (5/1)	482.94 (26/2)
CAC 40 (31/12/87)	2126.34	(c)	(c)	2116.66	2126.34 (17/4)	1800.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	809.73	(c)	(c)	806.99	830.92 (3/4)	732.71 (24/1)
Commerzbank (1/12/53)	2349.5	(c)	(c)	2340.8	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1914.35	(c)	(c)	1918.17	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3020.44	(c)	(c)	2995.69	3020.44 (17/4)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1717.95	(c)	(c)	1717.73	1893.10 (22/1)	1716.96 (4/4)
ITALY						
Banca Com. Ital. (1972)	713.06	(c)	703.64	693.72	713.06 (17/4)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	28461.60	28463.18	29213.92	29623.20	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2128.57	2129.77	2165.89	2183.34	2867.70 (4/1)	2058.82 (5/4)
2nd Section (4/1/68)	3507.80	3518.83	3553.25	3543.86	4384.68 (9/2)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	553.26	553.18	556.82	555.33	622.20 (20/2)	532.04 (9/4)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	258.2	(c)	(c)	256.4	269.8 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	197.6	(c)	(c)	196.3	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (2/1/83)	794.80	(c)	(c)	(c)	845.40 (16/3)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1096.77	1096.02	(c)	(c)	1160.70 (21/3)	1014.09 (5/3)
SINGAPORE						
SES All-Singapore (2/4/75)	419.31	419.80	(c)	419.45	443.34 (6/2)	413.64 (24/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1801.0	(c)	(c)	1826.0	2230.0 (16/1)	1815.0 (11/4)
JSE Industrial (28/9/78)	2873.0	(c)	(c)	2898.0	3211.0 (6/2)	2795.0 (2/1)
SOUTH KOREA[**]						
Korea Comp Ex. (4/1/80)	796.56	777.00	803.15	806.86	928.82 (4/1)	777.00 (16/4)
SPAIN						
Madrid SE (30/12/85)	269.91	263.74	(c)	(c)	302.85 (4/1)	248.17 (2/4)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1146.90	(c)	(c)	(u)	1317.88 (12/1)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	752.6	(c)	(c)	752.5	787.2 (11/1)	737.6 (27/3)
TAIWAN[**]						
Weighted Price (30/6/66)	9291.61	9419.32	9603.72	9978.86	12495.34 (10/2)	9291.61 (17/4)
THAILAND						
Bangkok SET (30/4/75)	843.97	843.79	(c)	(c)	918.67 (5/1)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	(u)	486.3	487.9	571.0 (4/1)	468.3 (2/4)

**Saturday Apr 14: Taiwan Weighted Price: 9436.12 Korea Comp Ex 793.14

♦ Subject to official recalculation.

ōBase values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000 JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed, (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday April 17 1990

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	48.3m	580	+12
Mitsui Shp&Eng	20.5m	845	+20
MHI	17.8m	930	+30
NKK	16.4m	635	+12
Hitachi	12.8m	1,560	-40
Kawasaki Steel	11.7m	580	+1
Toshiba	11.0m	1,020	-40
Nippon Mtl Mng	5.7m	781	+21
NEC	6.0m	2,080	-30
Kawasaki Hvy Id	2.4m	1,710	-30

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FINANCIAL TIMES
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3pm prices April 17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 47

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NYSE COMPOSITE PRICES

Continued from previous Page

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– X–Y–Z –								
69	46¼	Xerox	3	5.4	8	1119	55⅞	54⅛	55⅞	+ ⅛
41⅞	21¼	XTRA	.72	3.2	28	172	22⅝	22½	22⅝	– ¼
22¼	18½	XTRA pf1.94		9.8		287	19¾	19⅝	19¾	+ ⅛
4⅞	2⅛	Zapata				62	2½	2⅜	2½	+ ⅛
12⅞	6⅞	Zemex				3	7⅞	7⅞	7⅞	– ⅛
21⅛	7⅝	ZenithE				250	10⅛	9¾	10	
21½	14	ZenNtl	.84	6.2	8	106	16⅞	16⅛	16¼	– ½
6⅝	5⅝	Zenix	.99	16.		175	6½	6⅜	6⅜	– ⅛
15⅞	12⅞	Zero s	.40	2.9	13	69	13⅞	13⅞	13⅞	
44⅞	27⅞	Zurnin	.76	1.8	20	247	43½	42⅞	43¼	+ ⅞
12⅞	10½	Zweig	1.21e	10.		306	11⅞	11½	11⅞	
10	8⅞	ZweigTl	.96	10.		1231	9½	9⅜	9⅜	– ⅛

Sales figures are unofficial.Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices April 17

[illegible]

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
PerlnlC	.30	10	1	30⅞	30⅞	30⅞	– ⅛
PhlLD	.14e	8	63	14¾	14⅝	14¾	+ ⅛
Pittwy n.60a		16	3	37⅞	37⅞	37⅞	– ¼
Pittwy A	.70		82	29	28⅞	28⅞	– ⅛

[illegible]

NASDAQ NATIONAL MARKET

3pm prices April 17

[illegible]

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
WDmTr	1.44	11	35	37	36¾	36½	– ½
WrserO	.40	28	68	19⅝	19¼	19¼	– ⅛
Wolohn	.285	10	23	18	17½	18	+ ⅛
WwExp			865	9	8½	8⅝	– ⅛
Wolv wt			381	3⅝	3¼	3⅝	+ ⅛
Worthg	.56	17	453	21⅝	21½	21½	
Wyman	.80		458	13⅛	13	13	
		–X–Y–Z–					
XL Dta		5	165	9½	9	9¼	
XOMA			1760	18⅞	18⅛	18⅞	
Xicor			469	2⅞	2⅝	2 11-16	– 1-16
YanEnS	1.14e	12	30	19¾	19	19¾	+ ¼
YelowF	.76	42	1359	27¼	26⅞	27¼	+ ⅜
YorkRs		21	176	12	11½	12	+ ⅛
ZionUt	1.44	12	40	27½	27½	27½	– ¼

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES
Wednesday April 18 1990

AMERICA

Consumer prices push Dow to an early decline

Wall Street

AFTER an early fall in reaction to a larger than expected gain in consumer prices in March, the broad market recovered somewhat and blue chips rebounded smartly, *writes Janet Bush in New York.*

At 2pm, the Dow Jones Industrial Average was quoted 6.53 lower at 2,756.53 on low volume of 84m shares, having stood more than 20 points lower within 15 minutes of the opening bell. The Dow had closed 11.26 higher on Monday at 2,763.06, largely buoyed by strong results from IBM.

The buying after the opening drop was mostly concentrated in blue chip issues. Other major indices were still quoted sharply lower at midsession. The American Stock Exchange Composite index was quoted 2.30 lower at 354.68 and the Nasdaq Composite of over-the-counter stocks fell by 2.21 to 434.49.

The initial weakness came on news that the Consumer Prices Index, taking out food and energy, surged by 0.7 per cent in March, giving a rise in the CPI so far this year of an annual 8.5 per cent. This is the largest annualised rate of increase in any first quarter since 1981. The index, stripped of its food and energy components, is regarded as a good indicator of the core rate of inflation.

That was followed by news of a stronger than expected 0.7 per cent increase in industrial production in March as well as a 0.4 per cent jump to 83.3 per cent in capacity utilisation. This evidence of some robustness in the manufacturing sector coupled with the jump in consumer prices hit the Treasury bond market hard.

The equity market also focused on the day's batch of corporate earnings announcements. Among featured issues yesterday was NCR, the computer company, which slumped $5¾ to $65 after it reported net income of 73 cents a share in its first quarter, well below market expectations, compared with 77 cents a share a year earlier. General Electric slipped $¼ to $66½ after announcing net income of $1.05 a share from 97 cents a share a year earlier. This was roughly in line with expectations.

Oil stocks were mixed, despite a rise in crude oil futures in advance of yesterday's meeting of oil ministers from Saudi Arabia, Kuwait and the United Arab Emirates to discuss the recent weakness in oil prices. Mobil edged $¼ higher to $61, Chevron dropped $½ to $66⅝ and Atlantic Richfield added $⅞ to $114⅝.

A number of banks reported their results yesterday. NCNB, from Charlotte, North Carolina, added $1 to $38 after announcing net earnings of $1.33 a share in the first quarter compared with 82 cents a share a year ago. Citicorp was unchanged at $24⅝ despite reporting net earnings of 60 cents a share in its first quarter compared with $1.52 a share a year ago. Its results were depressed by loan loss provisions related to weak real estate.

On the over-the-counter market, Northeast Bancorp plunged $6½ to $32 after its merger agreement with Bank of New York was thrown into doubt because of differing valuations placed on the bank.

IBM fell back $⅛ to $110⅝ on profit-taking, having surged $3⅝ on Monday after its earnings were announced.

Canada

TORONTO stocks fell at midsession, depressed by news of a dividend cut by Canadian Pacific Forest Products and by the inflationary implications of yesterday's US economic data. The composite index dropped 38.4 to 3,510.9 on volume of 10.74m shares. Declines led advances 317 to 103.

Canadian Pacific Forest Products traded at C$28 after closing at C$32 last Thursday while Noranda Forest fell C$⅜ to C$11¾. CAE Industries lost C$⅝ to C$7¼ as investors worried following the bankruptcy declaration by the defence-related electronics manufacturer, Leigh Instruments, last week.

EUROPE

Muted contrast between Paris and Frankfurt bourses

LAST WEEK's contrast between Paris and Frankfurt was muted, but still discernible in yesterday's post-holiday trade, *writes Our Markets Staff.*

PARIS came off the day's highs as profit-taking started to set in after the market's strong gains over the last two weeks and ahead of the close of the trading account on Friday. However, although the CAC 40 index fell from a high of 2,141.13 it still made a new closing high of 2,126.34, up 9.68. Volume was estimated at around FFr2bn to FFr2.5bn, against last week's levels of more than FFr3bn.

Casino, the supermarket group, was one of the day's biggest fallers, dropping FFr9.90 to FFr152.10 on its acquisition of a 50.7 per cent stake in La Ruche Meridionale, another retail group. Brokers said that Casino had paid over the odds for La Ruche in an attempt to increase market share and expressed concern about how Casino planned to finance the acquisition.

Michelin, the second most actively traded stock after Eurodisney, rose FFr1.50 to FFr152 on rumours, described as most unlikely, that it planned to take over Continental AG of West Germany. Suez came off highs of FFr505, but closed FFr2.50 higher at FFr494 after news of strong results from Société Générale de Belgique.

FRANKFURT gave up its early gains after a day of sluggish trading, the DAX index closing 3.82 lower at 1,914.35 after a rise of 2.74 to 809.73 in the FAZ at midsession. Volume rose from DM5.7bn to DM5.9bn.

Deutsche Bank opened strongly, up DM8.50 on a letter of intent to set up a joint venture with Deutsche Kreditbank, the main East German state-owned commercial bank; but widespread profit-taking left it DM3 lower on the day at DM801. Elsewhere among blue chips, chemical shares ran contrary to their usual form by posting broad gains while carmakers, among the market's favourites in the past four months, mostly declined.

Chemicals rose on hopes of dividend increases at Bayer and BASF, and the positive effect from the issue of covered warrants on Bayer by Westdeutsche Landesbank last week. Bayer climbed DM6.20 to DM314, and BASF DM4 to DM312.50. Among carmakers, Daimler Benz dropped DM10.50 to DM920.50 and BMW by DM8 to DM586 but Porsche, subject of a buy recommendation by B Metzler in Frankfurt, rose DM44 to DM1,159, a new high for the year.

MILAN rose smartly on foreign and domestic institutional demand for blue chips, as well as continued support from the four large corporate groups ahead of the May local elections. The insurer Generali, which was well bid on Friday, continued to climb, closing L1,090 higher at L40,800 and firming further to L41,100 after hours. Brokers said that Generali was looking attractive once again on asset value arguments, and in the light of its chronic underperformance over the last year. They added that 1989 results from the insurance sector, expected in the next few weeks, might not be as poor as the market expected. Elsewhere Fiat closed L78 higher at L10,748 and reached L10,870 in the after-market.

Volume was estimated at around L300bn and the Comit index rose 19.34 to 713.06.

AMSTERDAM concentrated on VRG Groep, the paper, business systems and graphics company, which surged after news late on Thursday that VRG had given the papermaker, KNP, permission to increase its stake in VRG to 50 per cent from its current level of 30 per cent. VRG was not planning an equity issue so KNP would have to buy shares in the market, brokers said. VRG, which also announced better than expected first quarter results, went ex-dividend of Fl 2.40 but ended the day Fl 3.50 higher at Fl 71.50.

Pirelli Tyre, the Amsterdam-listed subsidiary of the Italian tyre manufacturer, fell Fl 2.30 to Fl 34.50 after announcing that 1990 profits would be flat in 1990 after a 7.9 per cent increase in 1989 profits to Fl 206m. Begemann, the engineering company, was unchanged at Fl 167 after news that the Soviet authorities had approved its takeover of the Russian company Cemash. The transport group Nedlloyd, due to announce its 1989 results today, rose Fl 1.80 to Fl 107.80. In general, stocks closed broadly higher, with the CBS tendency index adding 1.1 to 119.1.

STOCKHOLM was enlivened by strong demand for Ericsson on rumours of a massive order from West Germany. The telecom group's free-B shares rose SKr8 to SKr886 and the Affärsvärlden General index closed 7.4 higher at 1,146.9.

ATHENS hit its third record high since the Conservative Party won the general elections last week and formed its first government since 1981. The general share index rose 20.51, or 2.54 per cent, to close at 828.23. The index has risen by about 23 per cent since the April 8 election.

MADRID built on recent gains, with the general index adding 1.84 to 267.18 by the end of the open outcry session. All sectors gained except the troubled banking sector. Construction shares rose strongly, with Valderrivas up 100 percentage points to 4,890 per cent of par value. Turnover was estimated at around Pta 10bn.

A German analyst working for a Japanese investment bank in London has produced a directory of "red chips" – her term for companies which will benefit from the restructuring of the Eastern Bloc – which include French and Swiss entrants, as well as a clutch from her home country.

Ms Sibylle Andreessen, writing on German problems and prospects for Yamaichi International (Europe), picks out Accor of France, the first foreign hotel chain to establish a large network of guesthouses in East Germany; CGE (telecoms, cables etc) and SEB (domestic applicances) from the same country; and Brown Boveri, the Swiss engineering combine, important supplier to the Bundesbahn and to large parts of the German engineering sector.

Yamaichi expects the German market to trade sideways for the next few months, and anticipates volatility. It is looking for a re-rating of the French market and thinks that Swiss engineering and pharmaceutical companies, in particular, will benefit from East German developments.

ASIA PACIFIC

Bad press for Toshiba pulls Nikkei off early highs

Tokyo

BAD NEWS for the electronics sector and an increase in money supply left share prices almost unchanged yesterday after solid gains in earlier trading, *writes Michiyo Nakamoto in Tokyo.*

Arbitrage buying helped lift the Nikkei average by over 340 points at the morning close, but the index ended the day with a loss of 1.58 at 28,461.60, against a high of 28,861.52 and a low of 28,335.93.

Losers led winners by 484 to 418 with 176 unchanged. Turnover recovered from Monday's 230m shares to 424m. The Topix index of all listed stocks eased 1.20 to 2,128.57 and, in London, the ISE/Nikkei 50 index rose 2.81 to 1,661.60.

High money supply growth for March, at 11.6 per cent, led to further concern about inflation. Meanwhile, a newspaper report estimated that Toshiba's operating profits for the business year to March, 1991, would fall 17 per cent.

This triggered widespread selling in Toshiba and other electronic companies. The report pointed to a softening of the semiconductor market since last summer, and predicted lower profits for other semiconductor makers.

Toshiba closed down Y40 at Y1,020, Hitachi by Y40 to Y1,560 and NEC by Y30 to Y2,080. Sony's loss of Y80 to Y8,270 was due to profit-taking as well. Investors were cautious about buying Sony since it has risen about 20 per cent from its March 22 low of Y6,880.

On the more cheerful side, Isuzu Motors and Fuji Electrochemical saw a surge of buying on their joint development of a large capacity battery which could be used for electric automobiles. Isuzu added Y120 to Y770 while Fuji closed at Y1,070 bid, up Y120.

Elsewhere, Nippon Steel, first in volume with 49.3m shares, advanced Y12 to Y580. Mitsui Shipbuilding and Engineering followed with 20.5m shares and gained Y20 to Y845. Mitsubishi Heavy Industries was third in volume with 17.8m shares and rose Y30 to Y930.

Caution was the watchword in Osaka, where the OSE average dropped 221.58 to 30,730.29. Turnover more than doubled to 33.1m shares from 16.4m.

Roundup

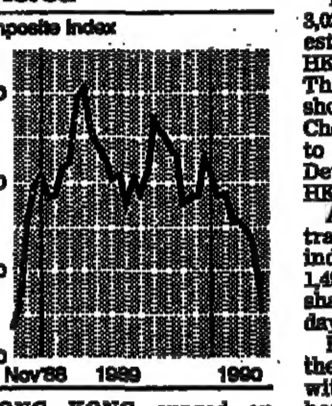
POLITICAL concerns moved the two most active markets in the Pacific Basin yesterday, both of them for the better.

SEOUL rebounded from its lowest levels since November 1988 on rumours that the Government planned to take action to support the market. The composite index rose 2.4 per cent to close at 796.56, up 19.56, and turnover jumped to 256.3bn won from 172.5bn won.

Gains were across the board, with the exception of fabricated metal and shipping shares. Financial shares rose by a sharp 4.8 per cent in their index value. The Commercial Bank of Korea was the most active stock with 696,200 shares changing hands. Its price rose 600 won to 11,300 won.

S.Korea

Composite Index



HONG KONG surged on relief that the holiday, taking in the first anniversary of the death of the reformist Hu Yaobang, had passed without new pro-democracy demonstrations in China. The Hang Seng index broke through the key 3,000 level to the highest level since June 4, the day when Chinese troops violently suppressed the student pro-democracy demonstration in central Peking.

The index rose 24.75 to 3,020.44. Strong overseas interest pushed turnover up to HK$1.53bn from HK$1.31bn last Thursday. Property shares showed the biggest gains, with Cheung Kong adding 10 cents to HK$11.40 and Hang Lung Development up 5 cents at HK$5.15.

AUSTRALIA drifted in thin trading, the All Ordinaries index closing 0.3 higher at 1,499.2. Turnover eased to 56m shares and A$94m from Thursday's 86m and A$145m.

Elders IXL continued to be the most actively traded stock with 13.79m shares changing hands and closed 2 cents higher at A$1.85. News Corp was one of the day's biggest gainers, rising 20 cents to A$10.85 on plans to sell more US assets to reduce debt.

TAIWAN started off strongly on hopes of a cut in interest rates but ended lower as the financial sector, which makes up nearly half of the index, succumbed to selling pressure. The weighted index lost 127.71 to 9,291.61 while turnover rose slightly to NT$81.5bn from Monday's NT$80bn. The financial sector's index shed 2 per cent.

MANILA ended mixed in thin volume in the absence of fresh news. The composite index was little changed at 1,096.77, after Monday's close of 1,096.02. Saniwares, which led the market in the past two weeks, closed down 1 peso at 60 pesos after reaching a new high of 62 pesos in the session.

SOUTH AFRICA

JOHANNESBURG eased in quiet trading ahead of a policy speech by President FW de Klerk to parliament. Gold shares led the market down in response to weaker bullion prices. The JSE overall share index fell 18 to 3,103.

France underlines its rise in status

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1990	Start of 1990	Start of 1990
Austria	-1.71	-2.02	+102.98	+51.02	+49.61	+52.56
Belgium	+0.26	+1.34	-2.04	-6.38	-5.55	-3.82
Denmark	-1.75	-5.06	+25.37	+0.15	+1.23	+3.09
Finland	-1.07	-5.07	-16.88	+0.31	+0.16	+2.00
France	+1.64	+6.67	+23.81	+3.32	+4.39	+6.31
W. Germany	-2.36	+1.36	+37.72	+8.01	+7.25	+9.21
Ireland	+0.42	-1.37	+15.38	+1.07	+2.29	+4.16
Italy	+1.78	+4.05	+12.70	+0.23	+1.52	+3.38
Netherlands	-0.88	-0.72	+5.14	-4.02	-4.37	-2.61
Norway	-2.00	-7.49	+18.24	+13.36	+12.60	+14.66
Spain	+3.35	-2.68	-13.55	-13.44	-12.57	-10.96
Sweden	-0.31	+0.64	+10.34	-7.58	-7.76	-6.07
Switzerland	-1.01	-2.78	+7.09	-5.99	-3.99	-2.23
UK	-0.14	-1.92	+6.73	-8.41	-8.41	-6.74
EUROPE	-0.18	+0.24	+13.34	-2.71	-2.41	-0.62
Australia	-1.05	-4.96	+9.66	-8.39	-12.65	-11.06
Hong Kong	+1.10	+4.20	-4.77	+5.49	+3.70	+5.59
Japan	-0.02	-8.69	-15.49	-25.85	-33.82	-32.60
Malaysia	+2.38	-6.60	+25.06	-3.69	-6.48	-4.77
New Zealand	+1.75	-2.14	-2.39	-11.36	-15.03	-13.48
Singapore	+1.71	-2.17	+20.03	+5.25	+4.65	+6.57
Canada	-1.87	-4.64	+1.56	-8.32	-10.31	-8.67
USA	+1.33	+0.84	+15.30	-2.65	-4.40	-2.65
Mexico	+3.99	+4.63	+168.84	+28.41	+21.79	+24.02
South Africa	+0.06	-7.90	+28.61	+5.74	-7.19	-5.49
WORLD INDEX	+0.38	-2.96	+1.75	-12.09	-16.36	-14.82

† Based on April 13th 1990. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited.

By William Cochrane

A MIXED week for shares in Europe, and a nervously volatile one in Japan were offset by a surge in the US before the Easter holiday, sparked by a rally in blue chip oil issues and anticipation of the strong IBM earnings performance to come on Monday.

In aggregate, the result was little change in the FT-Actuaries World Index; but some of the component indices, particularly in Europe, seem to be at a pivotal stage.

France emphasised its rise in international favour, indicated in the first week of April when its equity market rose 4.5 per cent compared with a fractional decline in West Germany. Last week it put on another 1.6 per cent; but Brian Knox, of Kleinwort Benson Securities, was making cautious noises by Thursday about the fresh supply of new issues which recent strength could encourage.

West Germany, for the moment, is the subject of argument. It still attracts strong support from analysts at home, and in the UK: in London, Citicorp Investment Bank said last week that it had increased its estimate for German GNP growth from 3.5 per cent to 4.0 per cent this year, to take account of the growing plans for investment in the east.

However, West German shares fell by 2.4 per cent last week. Economic and investment opinion is divided: Citicorp classes the stock market decline as a consolidation, with the index still 32 per cent higher since its takeoff point early last November; others counsell caution, looking at the IG Metall wage and working hours campaign, the prospect of political upheavals in East and West Germany and the persistent decline in the domestic bond market, which has doubled the reverse yield gap between falling bonds and rising equities since the beginning of 1988.

Last week's strongest performers were Latin markets on both sides of the Atlantic: Spain is backed by Salomon Brothers which sees cooling inflation, weak work oil prices and real economic activity set to growth at a sustainable 3.5 per cent per annum; Mexico has seen a rise in the banking sector of over 80 per cent this year.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY APRIL 16 1990						FRIDAY APRIL 13 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (81)	134.28	−0.3	122.02	116.73	+0.0	5.93	134.64	121.57	116.73	158.31	133.38	129.73
Austria (19)	278.08	+0.0	252.70	241.53	+0.0	1.10	277.96	250.97	241.53	285.63	193.15	124.16
Belgium (61)	148.98	+0.1	135.38	127.12	+0.0	4.50	148.76	134.32	127.12	160.02	132.11	134.70
Canada (120)	138.19	−0.6	125.58	116.73	−0.3	3.46	138.98	125.49	117.04	153.61	137.42	135.01
Denmark (35)	248.93	−0.3	226.21	217.10	+0.0	1.48	249.71	225.46	217.10	280.82	236.69	177.85
Finland (26)	135.76	−0.2	123.37	113.44	+0.0	2.64	135.96	122.76	113.44	152.29	130.39	158.27
France (125)	165.38	−0.3	150.29	146.29	+0.0	2.69	165.87	149.76	146.29	165.87	141.69	121.64
West Germany (94)	134.79	−0.2	122.49	117.52	+0.0	1.84	135.11	122.00	117.52	137.71	122.05	88.93
Hong Kong (48)	123.69	+0.0	112.40	123.81	+0.0	5.02	123.68	111.68	123.81	124.24	112.24	132.49
Ireland (17)	189.03	+0.0	171.78	166.42	+0.0	2.58	189.09	170.73	166.42	198.57	181.49	149.15
Italy (96)	101.50	−0.3	92.23	93.44	+0.0	2.46	101.76	91.88	93.44	102.11	91.65	83.25
Japan (454)	129.99	−2.3	118.12	130.89	−1.6	0.63	133.04	120.12	133.04	197.26	124.40	169.88
Malaysia (35)	217.33	−0.4	197.49	228.34	−0.4	2.38	218.12	196.94	229.25	245.32	208.65	175.29
Mexico (13)	402.65	−0.3	365.90	1229.14	+0.0	0.42	403.66	364.47	1229.14	409.41	324.53	173.44
Netherland (43)	139.68	−0.3	126.93	120.46	+0.0	4.69	140.13	126.52	120.46	145.66	130.43	120.90
New Zealand (17)	62.28	−0.1	56.60	57.12	+0.0	7.67	62.37	56.32	57.12	75.36	60.31	67.65
Norway (25)	229.41	+0.1	208.47	202.79	+0.0	1.65	229.15	206.90	202.79	245.90	202.34	184.17
Singapore (26)	189.73	+0.5	172.41	163.98	+0.4	1.83	188.85	170.51	163.31	199.38	179.70	155.98
South Africa (60)	183.92	−1.0	167.13	160.80	+0.0	3.68	185.74	167.71	160.80	251.39	180.87	143.35
Spain (42)	147.00	+1.2	133.59	118.77	+1.5	4.47	145.20	131.10	116.99	165.19	132.84	154.59
Sweden (35)	179.95	−0.2	163.53	162.70	+0.0	2.42	180.40	162.88	162.70	206.95	173.89	156.71
Switzerland (65)	91.57	−0.4	83.21	84.56	+0.0	2.32	91.97	83.04	84.56	99.12	88.75	77.32
United Kingdom (307)	147.06	−0.6	133.64	133.64	+0.0	4.94	148.01	133.64	133.64	164.31	144.69	146.45
USA (537)	139.43	+0.1	126.70	139.43	+0.1	3.44	139.26	125.74	139.26	145.40	130.61	122.81
Europe (991)	141.02	−0.3	128.14	124.94	+0.1	3.54	141.50	127.76	124.86	146.66	135.57	120.83
Nordic (122)	186.94	−0.2	169.88	159.54	+0.0	1.96	187.38	169.17	159.54	201.89	185.01	154.83
Pacific Basin (661)	129.90	−2.1	118.05	129.98	−1.5	0.98	132.73	119.84	131.95	192.75	124.63	165.02
Euro−Pacific (1652)	134.75	−1.4	122.45	128.73	−0.8	2.07	136.63	123.37	129.82	174.18	130.35	159.36
North America (657)	139.26	+0.1	126.54	137.94	+0.1	3.44	139.15	125.64	137.81	145.78	131.02	123.44
Europe Ex. UK (684)	135.38	−0.2	123.02	119.09	+0.1	2.71	135.60	122.43	118.98	135.73	124.81	104.76
Pacific Ex. Japan (207)	128.24	−0.1	116.54	116.08	+0.0	5.21	128.39	115.93	116.05	139.32	126.77	126.80
World Ex. US (1845)	135.50	−1.3	123.13	128.98	−0.8	2.13	137.34	124.01	130.03	173.77	131.30	158.36
World Ex. UK (2075)	134.70	−0.8	122.41	132.24	−0.5	2.35	135.86	122.67	132.95	162.00	130.80	144.38
World Ex. So. Af. (2322)	135.50	−0.8	123.13	132.14	−0.5	2.59	136.63	123.36	132.79	161.84	131.95	144.56
World Ex. Japan (1926)	140.18	−0.1	127.39	133.10	+0.1	3.55	140.33	126.71	133.00	145.52	135.25	122.85
The World Index (2382)	135.79	−0.8	123.40	132.34	−0.5	2.60	136.93	123.63	132.98	162.05	132.25	144.55

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Latest prices were unavailable for this edition. Markets open April 16: Canada, Japan, Malaysia, Singapore, Spain and USA.

NURDIN & PEACOCK PLC

Another Year of Growth

Pre-tax profits up 8.4%
Dividend up 15.0%
Earnings per share up 10.6%

Results for the year to 31st December, 1989

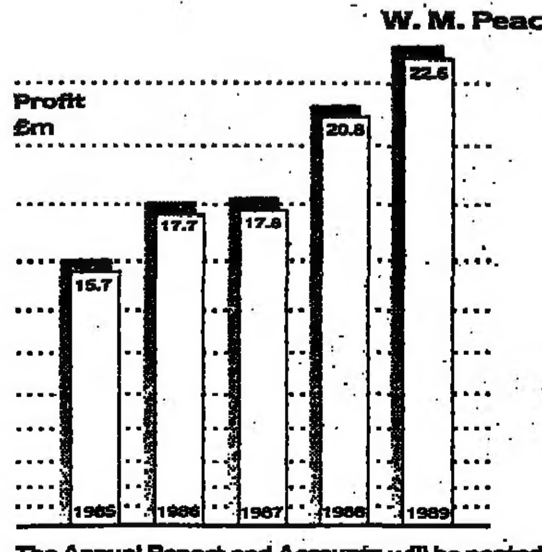
	1989 £'000	1988 £'000
Turnover	1,126,682	1,019,367
Profit before tax	22,606	20,863
Taxation	7,458	7,329
Profit after tax	15,148	13,534
Dividend per share	4.60p	4.00p*
Earnings per share	12.5p	11.3p*

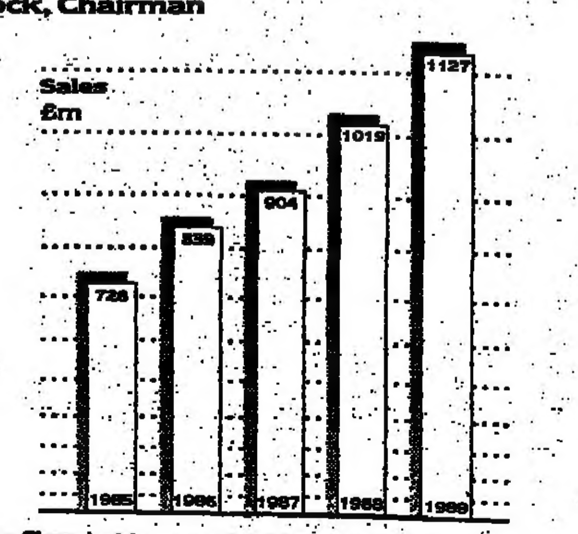
*Adjusted for 1989 Scrip Issue

Highlights from the Chairman's Statement

- Weekly sales of 'Happy Shopper' products now over £1.5 million.
- Total Cash and Carry branch area now over 3 million square feet.
- N & P outperforms main competitors in sales per square foot – by at least 20%.
- Accelerating expansion northwards – branches at Blaydon, York, Sheffield & Chester in the pipeline.
- A major new initiative to meet the specific needs of the caterer to be launched shortly.
- Expanding central distribution capability to improve service.

W. M. Peacock, Chairman





The Annual Report and Accounts will be posted to Shareholders on 16th May, 1990 and will be available to the public at the Company's Registered Office on the same date.

THE CASH AND CARRY WHOLESALER

Nurdin & Peacock PLC, Bushey Road, Raynes Park, London SW20 0JJ. TEL: 01-946 9111